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MARKETING AND PROMOTION OF NEW ORLEANS JAZZ IN NEW YORK

Creative Entertainment Group, Inc.

Bachelor's Thesis
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DESCRIPTION

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Abstract <p>This thesis is a complete marketing analysis for Creative Entertainment Group, Inc., an American company that decided to develop a successful promotional campaign for a new product line.</p> <p>To understand how the music business is marketed, it is important to have profound knowledge not only in the principles of marketing and promotion, but also in the particular characteristics of operating in the music industry. Combining the knowledge of traditional marketing techniques, such as situational analysis, market segmentation, and marketing mix, the specifics of promotion and live performance market in the music business, a comprehensive theoretical background for the research was made.</p> <p>Creative Entertainment Group, Inc. specializes in marketing, promotion, booking and sponsorship to venues and artists. NOLAFUNK, the service that CEG, Inc. was working on, provided customers with a series of jazz/brass music events in New York. Starting to develop a new product line, the company was facing some difficulties with establishing the brand awareness and recognition among the audience. The goal of the research was to develop a promotional campaign that helps to attract a larger number of customers.</p> <p>This thesis gives some advice and recommendations on the promotional techniques that can be used. Due to the information from the fulfilled quantitative research, the audience was segmented according to their age, music preferences, and financial stability. Moreover, the survey defined the promotional ways that are the most appealing to every customer group. Having a personal experience of working in the company, valid and suitable promotional tools were proposed for each segment.</p> <p>As a result of the research, the company was recommended to apply online promotion, publishing, print promotion techniques and merchandise. All in all, the research showed very promising results, with a high potential of CEG, Inc. in attracting a larger number of customers and in increasing an overall profitability of the company.</p>			
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1 INTRODUCTION

Music is one of the most unpredictable industries. People's tastes and the world's trends change rapidly, while musicians try to create a new sound to satisfy customer needs. In comparison with traditional and old-fashioned marketing outlets, nowadays, there is an enormous variety of promotion ways that can be used. However, there are also a lot of threats, which appeared with an every new opportunity. A good example of it is the Internet that helped to discover a whole new way of marketing. Being an inexpensive, fast, and effective way of promotion, it, unfortunately, increased the level of copyright infringement by illegal downloading and online listening of songs. (Passman 2011, 11-15)

To be successful in the music industry, an artist or a band has to have a strong, highly targeted and well-organized marketing campaign. Selling a service, especially as specific as a live performance, is very unstable. Even if a band is very talented and unique, there is little chance that the world will know about its existence without a marketing planning beforehand. For that reason, there is a need in promoters who organize the whole path from advertising a show and selling tickets to meeting bands and customers' needs during the concerts. (King 2009, 1-3)

Creative Entertainment Group, Inc. (CEG, Inc.) specializes in marketing, promotion, booking and sponsorship to venues and artists. Being very respectfully recognized in the independent music world of New York, the company was jam music oriented. Therefore, a large number of fans of this specific genre were well informed about shows, concerts and events promoted and organized by CEG. A few years ago, the company started to book more musicians from New Orleans, being good representatives of jazz and brass music. It became a specific service/product line the company started to develop. A new brand was created. However, the lack of promotion was very obvious. The NOLAFUNK service that CEG, Inc. was working on, provided customers with a series of jazz/brass music events in New York. (Creative Entertainment Group, Inc. [referred 12.08.2012])

Even though there was an interest in the shows among the crowd, there were a few particular goals that the company wanted to achieve. Firstly, CEG wanted to attract a new customer segment. As it was already mentioned, the company was not jazz oriented, therefore did not have enough audience that would be interested in the events of the specific style. Secondly, there was a lack of brand awareness and brand image, so there was a need in developing a new

brand strategy. Even though NOLAFUNK brand was already created, people were coming to the concerts because of band recognition, without knowing who organized it. On the contrary, CEG, Inc. wanted customers to know who is behind every successful show. This could attract customers who were satisfied by the service previously. Lastly, the company wanted to increase the number of people coming to every show and overall profit afterwards.

According to the listed reasons, the purpose of the thesis was defined – to create a clear and deep marketing plan and efficient implementation of a new service for a new target market. Marketing planning starts with an understanding of customer needs. However, the main idea is to define the goal of a marketing campaign which perfectly meets customers' interests. Otherwise, it will not be successful and the company's aims will not be met. (Peter, Donnelly, Jr. 2009, 4-5)

Two questions need to be answered during the research work:

- *What is the most important in NOLAFUNK marketing planning?*

To define analyses and surveys, which have to be done to make a full, highly targeted and broad marketing plan, where all problems are taken into consideration. It is also important not to misapprehend the company's possibilities on the market, be objective and concrete.

- *How can music marketing theory be applied to the marketing at NOLAFUNK?*

As it was already mentioned, music is a very unpredictable market. There are specific methods that need to be used to achieve attention of the crowd. Even though, the principles of music marketing are mostly based on traditional marketing approach, it is essential to understand the niceties of music promotion. It is important to be based on real people, preferably fans of brass/jazz music and New Orleans culture, to understand their specific views and ideas. (King 2009, 9) Online survey is going to be used to communicate with customers directly.

To conclude, marketing planning and implementing process has to be very well organized and include determinations of all important needs and wants of both Creative Entertainment Group, Inc. and its customers.

2 MARKETING PLANNING

Marketing plan has to be the best available scenario, guideline and roadmap of actions for the company. Therefore the information should be accurate, specific, and relevant for a long-term period. (King 2009, 3) This chapter combines the most important guidelines and tools that may be used to create a professional marketing plan that will result in profitability and successful operation of the company.

Marketing planning consists of three main tasks, strongly related to each other. Firstly, a company has to define the most significant marketing objectives, which are primary related to the organization's goals. It is important to note that the marketing aims have to be measurable, so that the result can be clear after a period of time. Good examples of well-established marketing goals are reaching a better brand recognition by a concrete number of customers or a certain percentage of sales volume. All in all, a goal has to be as precise as possible. (King 2009, 9-18)

The second major task is to select the target market. Everything depends on customer satisfaction. Therefore a company has to have specific marketing segmentation; so all customers can get what they want. By meeting their needs a company increases the level of success of a marketing plan. Moreover, it is important to define the size of the market. (King 2009, 9-18)

Afterwards, existing target markets and future target markets are arranged by their profitability, taking into account the present and potential sales volume and equilibrium between the company's abilities and work that has to be performed to attract the segment. (King 2009, 9-18)

Thirdly, the marketing mix has to be developed, meaning the number of specific actions that have to be done to meet the wishes of the target market and to reach organizational goals. These dirigible variables are usually divided according to four major decision areas: product, price, place, and promotion. A company should not underestimate these areas, because the major portion of the whole marketing planning process is devoted to them. (Peter, Donnelly, Jr. 2009, 19-21)

Figure 1 illustrates the marketing management process, including marketing planning - the most significant part of it. (Peter, Donnelly, Jr. 2009, 17)

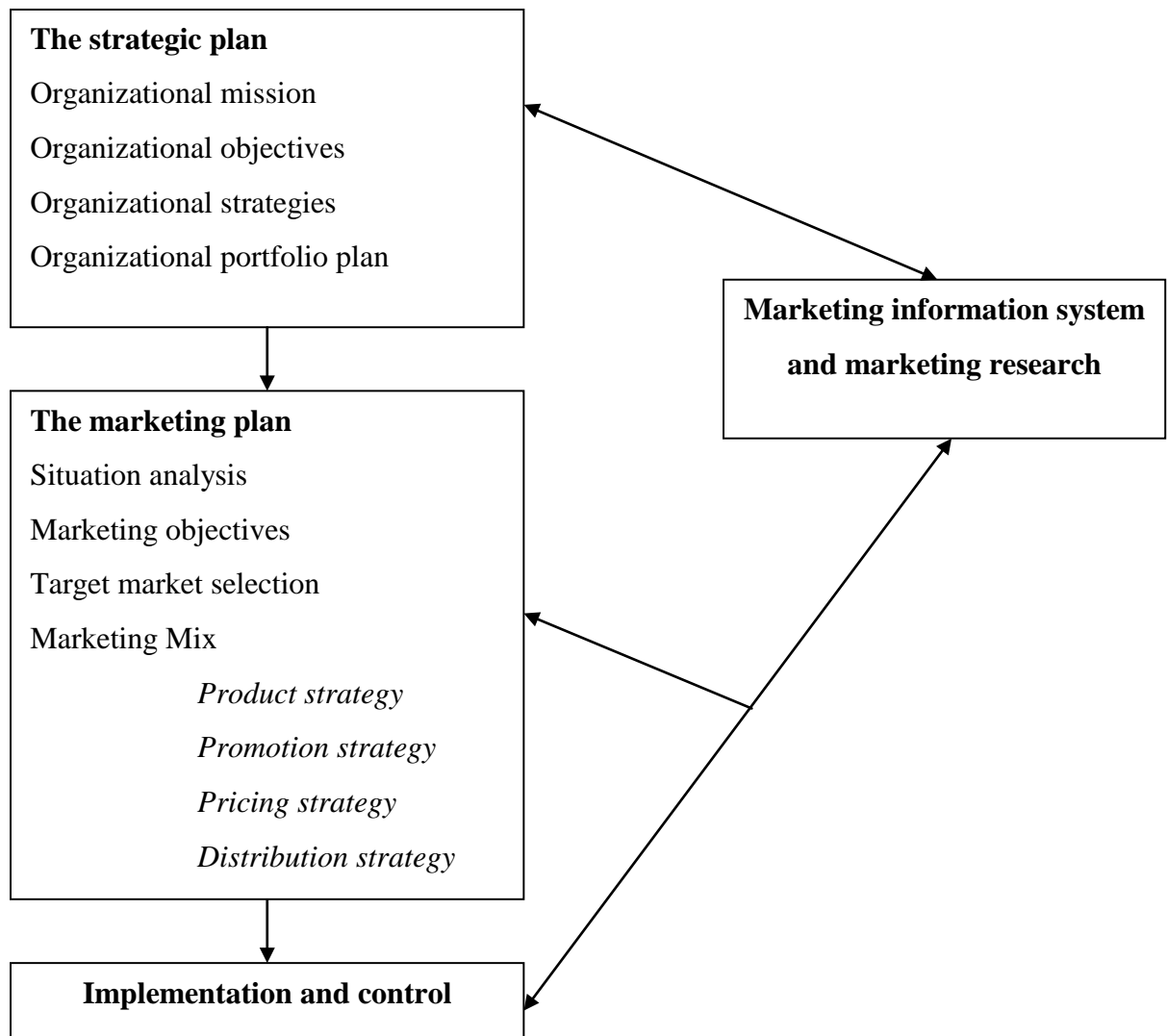


Figure 1. Strategic Planning and Marketing Planning. (Peter, Donnelly, Jr. 2009, 17)

2.1 Situation Analysis

This subchapter is based on the pages 17-19 of the book by Peter J.P. and Donnelly, Jr. J. H. 2011, *Marketing Management: Knowledge and Skills*.

The first thing to start with is situational analysis, defining environmental conditions as an influence on final proposals. It consists of six major areas of interest:

The Cooperative Environment

This environment includes all the parties that are interested in a company achieving its goals. In particular suppliers, shareholders and employees of the marketing department, resellers and other departments in a firm are very concerned about successful results of a marketing plan. For that reason, the whole working environment is a lot more efficiency-oriented.

The Competitive Environment

It is obvious, that the competitive environment includes mostly other companies in the industry that somehow opponent to the organization. There are different ways of research. One of the most common ways of analyzing the situation is the five-forces analysis, which is going to be presented in this chapter.

The Economic Environment

Talking about economic environment, it is obvious that changes in the macroeconomy of any country affect the situation in the company that operates in it. It either increases the number of opportunities or obstacles to overcome. Good examples of these kinds of issues are the global recession of 2007-2012 or unemployment and inflation levels. Moreover, changes in technology can provide a company with new opportunities and threats, for instance the rapid rise of the Internet usage, which created such an essential business tool as online marketing.

The Social Environment

This environment is a reflection of the cultural and social background of a country where a company operates. It can include specific norms, traditions and historical values. It is often related to political and legal environments, because changes in social behavior usually cause changes in laws and in the political situation of a country.

The Political Environment

The political environment consists of opinions and reactions of social and business critics and the public as a whole on specific business and marketing practices. For example, high level of pollution, unsafe products, unethical sales and working process, such as child labor, may result in dissatisfaction among the people and affect customer loyalty. However, environmentally friendly production or developing of CSR (Corporate Social Responsibility) may lead to change in attitudes about a company.

The Legal Environment

This environment combines federal, local and state legislations, including consumer and company's rights. During the past years, the laws influenced social and political opinions and mostly created a pressure on business practices. (Peter, Donnelly, Jr. 2009, 16-19)

2.1.1 SWOT analysis

This subchapter is based on the information from the website Mind Tools Ltd. [referred 16.08.2012])

SWOT analysis is a very helpful approach that is highly used for better understanding of the specific situation a company is experiencing during a particular time. SWOT stands for *strengths, weaknesses, opportunities, and threats*, which a company may face.

Defining *strengths* means to understand what advantages a company has, to find the unique capabilities of it, the lowest-cost resources a company has in comparison with competitors. Furthermore, market's perception of a company's strengths is also essential.

Weaknesses represent actions that are better to be avoided or improved; factors that make a company's profit decrease.

Opportunities consist of interesting trends and possibilities that a company has. It helps a company to be task-oriented and define advantages that can be reached.

Threats include obstacles to overcome, while reaching a company's goals, analyzing competitors that can seriously threaten the business. While performing a SWOT analysis specific attention should be paid on the issues presented in Table 1. (Thompson, Jr., Strickland III, Gamble 2008, 105)

Table 1. SWOT analysis. (Adapted from Thompson, Jr., Strickland III, Gamble 2008, 105)

Strengths <ul style="list-style-type: none"> - A powerful strategy - A product that is strongly differentiated from those of rivals - Competencies and capabilities that are well matched to industry key success factors - A strong financial condition, ample financial resources to grow the business - Strong brand-name image/ company reputation - An attractive customer base - Cost advantages over rivals - Strong advertising and promotion - Good customer service capabilities 	Opportunities <ul style="list-style-type: none"> - Openings to win market share from rivals - Sharply rising buyer demand for the industry's product - Serving additional customer groups or market segments - Expanding into new geographical markets - Expanding the company's product line to meet a broader range of customers' needs - Acquiring rival firms or companies with attractive technological expertise or capabilities
Weaknesses <ul style="list-style-type: none"> - No clear strategic direction - Resources that are not well matched to industry key success factors - No well-developed or proven core competencies - Higher overall unit costs relative to key competitors - Weak or unproven product innovation capabilities - Too narrow a product line relative to rivals - Weak brand image or reputation - Behind on product quality, R&D, technological know-how 	Threats <ul style="list-style-type: none"> - Competition - Slowdowns in market growth - Likely entry of potent new competitors - Loss of sales to substitute products - Growing bargaining power of customers or suppliers - A shift in buyer needs and tastes away from the industry's product - Adverse demographic changes that threaten to curtail demand for the industry's product - Restrictive trade policies on the part of foreign governments - Costly new regulatory requirements

2.2.2 PEST analysis

PEST is a commonly used tool for analyzing political, economic, socio-cultural and technological environments. Basically, this is a clear substitute, or better to say, an addition to a situation analysis. Even though it was defined earlier, there are still some notes that can help significantly during the analyzing process. Table 2 shows some points to address while doing a PEST analysis. (PEST analysis, Mind Tools Ltd. [referred 16.08.2012])

Table 2. PEST analysis. (Adapted from Mind Tools Ltd. [referred 16.08.2012])

<p>Political environment</p> <ul style="list-style-type: none"> - Government type and stability - Freedom of press, laws, bureaucracy level, corruption - Regulation and de-regulation trends - Social and employment legislation - Tax policy, trade and tariff controls - Environmental and consumer-protection legislation - Changes in the political environment 	<p>Economic environment</p> <ul style="list-style-type: none"> - Stage of business cycle - Current and expected economic growth, inflation, interest rates - Unemployment and labor rate - Labor costs - Levels of disposable income and income distribution - Impact of globalization - Likely impact of technological or other change on the economy - Likely changes in the economic environment
<p>Socio-cultural environment</p> <ul style="list-style-type: none"> - Population growth rate and age profile - Population health, education and social mobility, and attitudes to these - Population employment patterns, job market freedom and attitudes to work - Press attitudes, public opinion, social attitudes and social taboos - Lifestyle choices and attitudes to these - Socio-cultural changes 	<p>Technological</p> <ul style="list-style-type: none"> - Impact of emerging technologies - Impact of Internet, reduction in communications costs and increased remote working - Research & Development activity - Impact of technology transfer

2.1.3 Porter's Five Forces analysis

This subchapter is based on the pages 87-94 from the Harvard Business Review article written by Porter M.E. 1979.

Porter's five forces analysis is named after Michael E. Porter, who first presented it as a part of a Harvard Business Review article in 1979. The tool was defined as one of the most effective ways of analyzing a competitive environment.

The analysis consists of five main areas. In Figure 2 it is possible to see the elements of the approach, including the main sources of barriers, concerning all competitions.

Rivalry among Existing Competitors has to be analyzed quite precisely by the company if it wants to develop successful strategies for future implementation in the industry. Specific strategies, like developing of a brand image, price competition, sales promotion, introduction of a new product are used widely to win customers over rival forces.

To have a better knowledge of the rival situation, it is also very useful to analyze the strengths and weaknesses of competitors, their market share, annual sales, and growth rates. One of the other things to do is to go through the marketing history of rival forces. That can help predicting their future moves.

Threat of New Entrants defines how feasible it is to enter a new market. There are some entry barriers, including a need for large financial resources, government regulations, cost of entry, high brand equity of rivalry, and economy of scale that was received by existing companies. All in all, higher entry barriers cause less possibility of outside organizations to enter the industry.

Threat of Substitute Products – defines how easily the product can be replaced. In European countries a good example of substitution would be bicycle manufacturing. This industry competes with electro scooters and automobiles in terms of a different option of transportation. The most common way that substitutes can influence is price alternative. The more attractive

the price offered - the tougher situation within the industry rivalry is. It can sometimes decrease a company's profit and, possibly, influence its' growth rate.

Bargaining Power of Suppliers can be a very strong competitive threat. The reason for that is the suppliers' ability to either increase the price of raw materials or decrease the level of their quality. Powerful suppliers can influence the profitability of a company if it cannot raise the prices for products to cover the growth of their expenses for supplies.

Bargaining Power of Buyers can threaten a company quite a lot. By looking for a better quality or better-presented services, they can put competitors in a war between each other. Moreover, customers are very price sensitive, especially in the situation where quality does not play a huge role or the price is unaffordable within their own profits. Buyers have a high power over companies, because if they do not want to buy, a company can lose a significant amount of money in sales. The only way to make buyers, even very powerful ones, to purchase the products produced is either being a low-producer in the industry or have some special, unique features that can attract them.

All the possible sources of threats are presented in Figure 2. The reason for that is willingness to show the depth of the analysis. However, in the description part less attention was given to it purposely, due to not high importance of it for that specific research. Even though it is significant to see all the possible competitors of the company, it does not require as profound analysis as M. Porter's is. In any case, the main points are definitely going to be used to have a clear view of the situation.

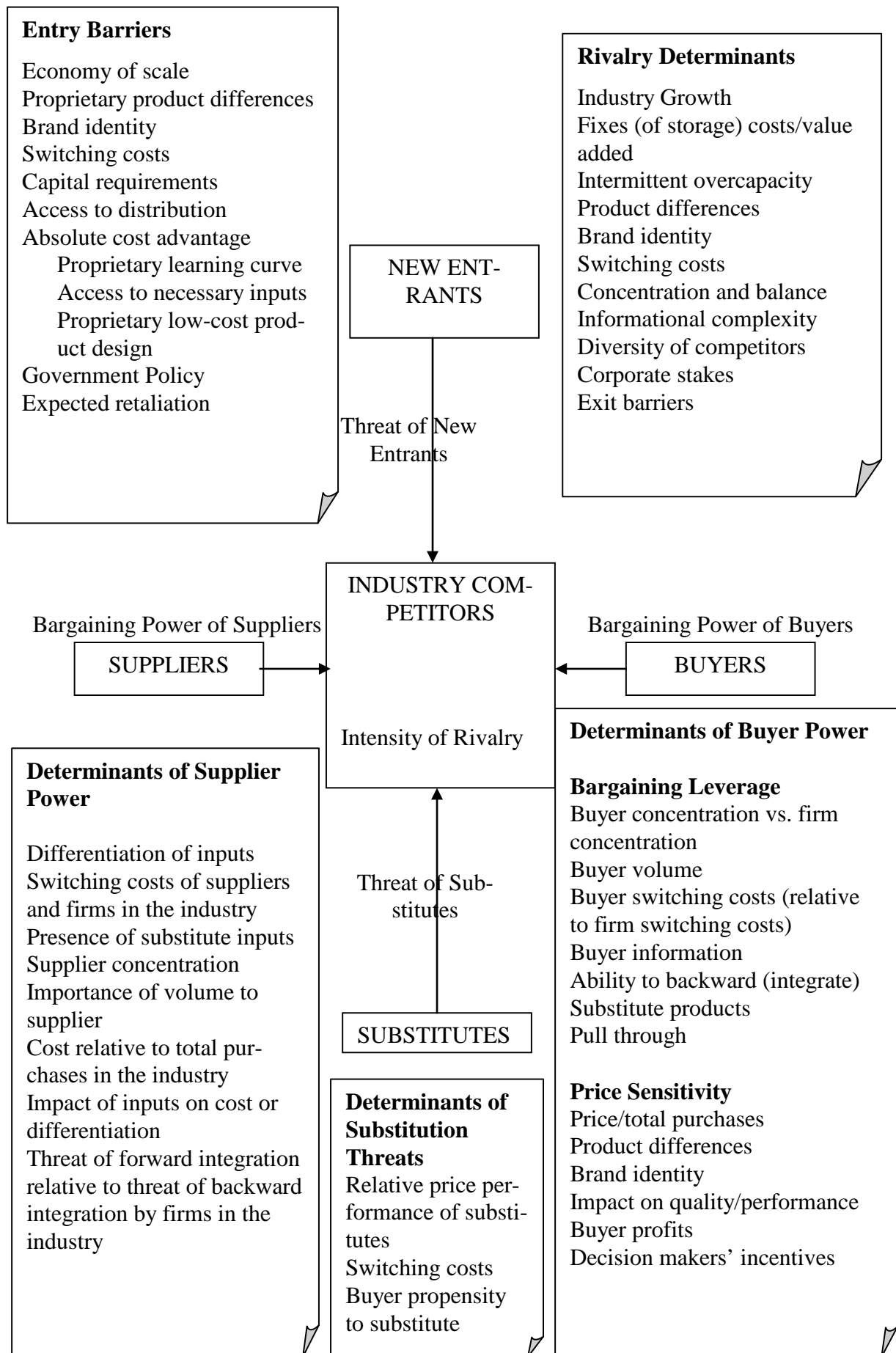


Figure 2. Elements of Industry Structure (Porter 1979)

2.1.4 Root-cause analysis

This subchapter is based on the information from the website Mind Tools Ltd. [referred 16.08.2012])

Root-cause analysis is a commonly used tool that helps solving not only the obvious problem, but also the root of it. It shows the relationship between every problem and helps to demonstrate cause-effect solutions. This technique identifies the origin of the problem by answering to three main questions:

- What did happen?
- Why did it happen?
- What to do to reduce the possibility of it happening again?

Root-cause analysis defines every problem as a cause of changes that were made in the structure of interrelated actions and events that happened with a company or an industry. By analyzing and tracking down all of them it is possible to discover where the problem started and what exactly caused the symptoms a company is facing now.

There are three basic causes of every problem. *Physical causes* consist of some well-recognizable, tangible and physical items that failed somehow. *Human causes* include wrong actions of people in the company on every level of the organizational structure – from top management team to usual staff members. Usually, humans are the reason of physical causes that occur. Lastly, *Organizational causes* are actions, processes or policies that were significant in people decision-making process and affected the situation in a company.

To use Root-cause analysis correctly and effectively, there are five main steps defined to better structure the whole process. Starting with defining the problem, a company should understand what is happening and recognize the specific symptoms of it. Secondly, a core point is a data collecting process which includes information about how long the problem has already existed, what are the evidences of it happening, what is their impact on the problem. Third, finding possible causal problems. Analyze the sequence of events that lead to a problem, conditions and other issues that surround the occurrence of the main problem. Step four is defining the root-cause(s): what is the real reason for the problem to happen, what are the related

factors to it. Finally, implementation solutions have to be recommended for preventing the problem, decreasing the risks that it happens again, or solving the problem in the most effective way.

Figure 3 helps to understand better how a root-cause analysis is usually presented.

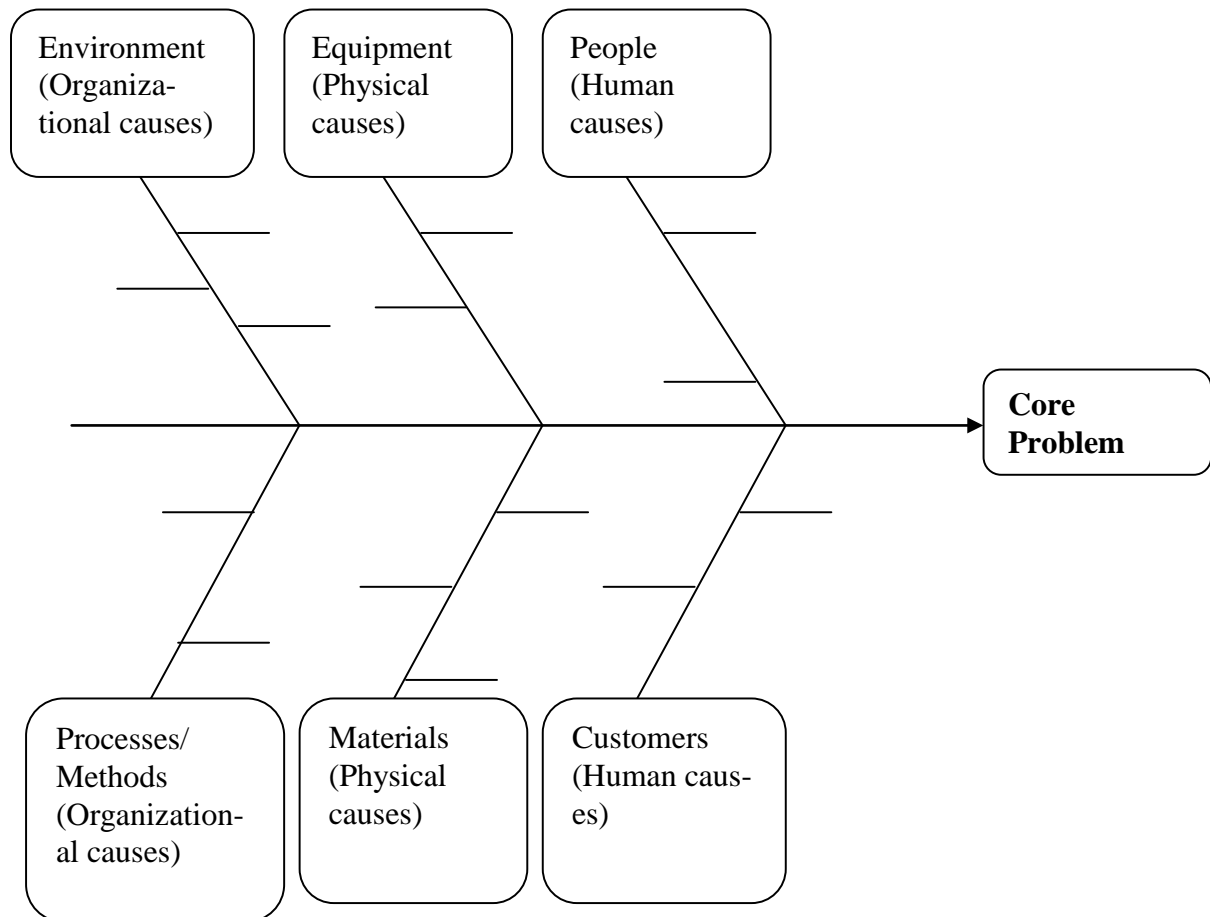


Figure 3. Root-cause analysis structure

2.1.5 The Analytic Hierarchy Process (AHP)

This subchapter is based on the information from the website IVM. [referred 20.08.2012])

The Analytic Hierarchy Process is very commonly used tool not only in business, but also in psychology and social sciences. Using a ranking system it does not help a business decision

maker to define the «correct» solution for a problem, but rather trying to find the one that meets their goals and problems best.

From the alternatives and criteria given, it is possible to find a company that is a leader in all the positions. Ranking every company and its competitors from one to five, concerning their positioning to each other and independently, the Analytical Hierarchy Process also helps to analyze which criteria have to be developed and improved.

In business this method is used to analyze the advantages and disadvantages of a company in comparison with competitors. Easy mathematical evaluations give the whole idea about the leading company on a market in specifically defined criteria.

Even though it is not a difficult process, it takes some time to create matrixes and calculate the numbers. Being hardly describable in theory, the tool is very easy to understand using an example. AHP will be used in the research, so all the matrixes are going to be presented with a description given. The basic structure of the analysis is presented in Figure 4.

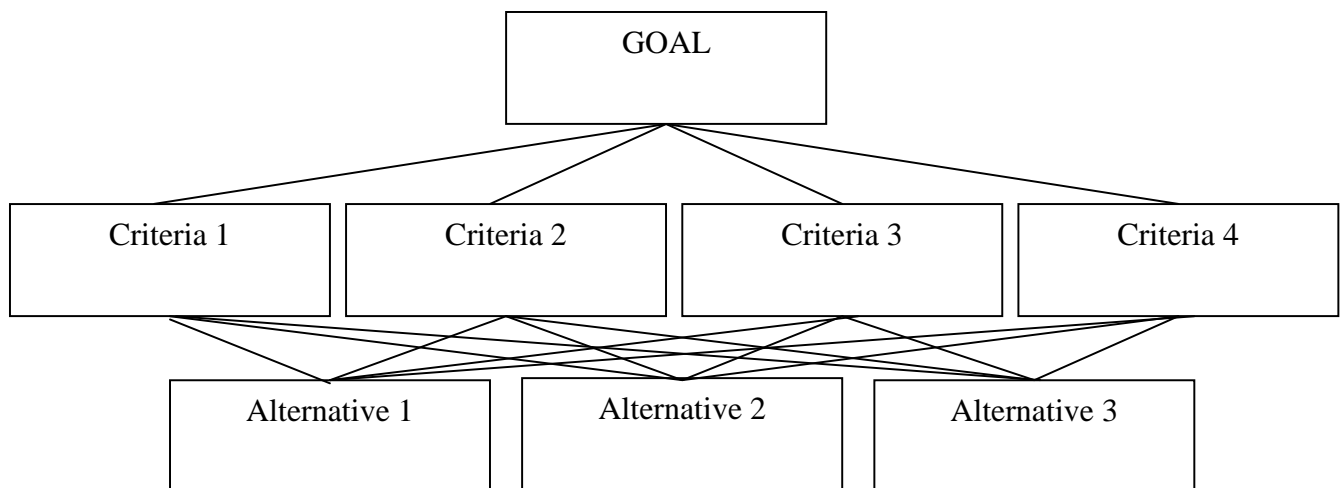


Figure 4. Structure of the Analytical Hierarchy Process (AHP [referred 20.08.2012])

2.2 Market Segmentation

This subchapter is based on the pages 66-69 of the book by Peter J.P. & Donnelly, Jr. J. H. 2011. Marketing Management: Knowledge and Skills.

Marketing Segmentation is one of the most important parts of marketing planning. The reason of segmenting is very logical and simple – the possibility that a product meets the needs of *all* the consumers on the market is very close to zero. It is obvious that people have absolutely different interests and tastes. So, even a very simple product has a variety of package sizes, flavors, designs, etc. to attract all the *groups of consumers*. Even though a single product item cannot satisfy all the customers, it can definitely meet the needs of specific groups of consumers, who can be easily attracted by the same characteristics of the product.

Market Segmentation is defined as the process of dividing a market into a number of groups of similar consumers to select the most appropriate groups to be served by company. To serve a market segment or a group profitably, a firm should develop a marketing mix. Figure 5 shows the process of marketing segmentation divided in six main steps.

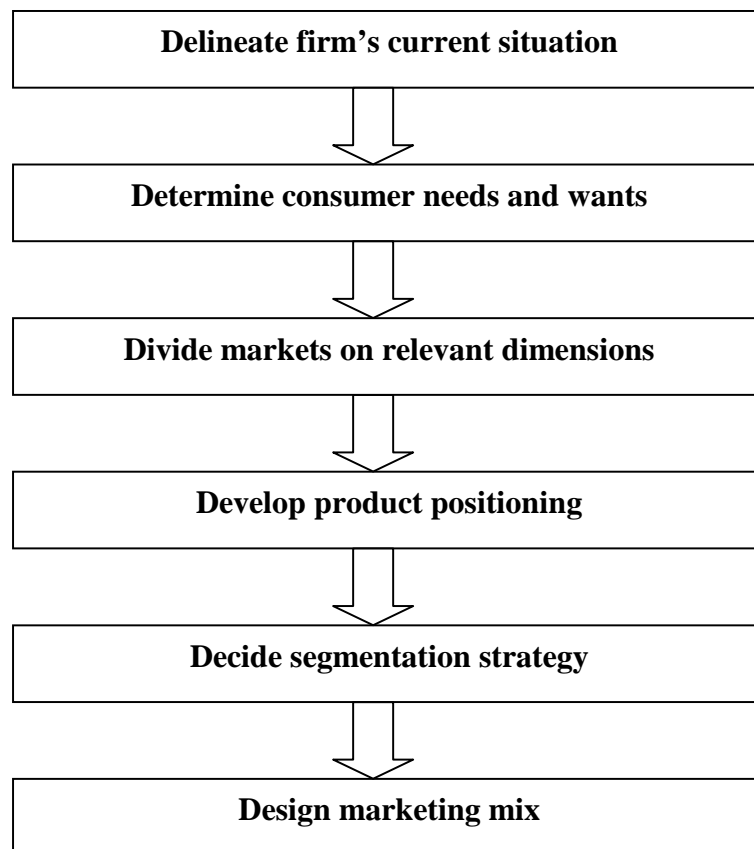


Figure 5. A Model of the Market Segmentation Process (Peter, Donnelly, Jr. 2009, 67)

Delineate the firm's current situation

Coming to a new or modified market, a complete situational analysis has to be done. However, being at the marketing planning level and during the process of selecting target markets and creating marketing mix, a more precise analysis should be done, including determining objectives, opportunities and problems that may accrue.

Determine consumer needs and wants

It is very obvious that successful marketing strategies depend on meeting and understanding of consumer needs and wants. It is one of the most important parts of the market segmentation process. The reason for that is that a company cannot be profitable if a customer does not want to buy the products it produces. Consumer behavior is often presented as separated issue to pay attention to. Different kinds of analyses and surveys are used to understand better trends and wants among customers. A firm often seeks a group of consumers whose needs could be satisfied best by a new or modified product.

Divide markets on relevant dimensions

This stage is often defined as the most significant one, and the main purpose of market segmentation. There are three issues to consider while dividing a market. The first one is a *priori segmentation* versus *post hoc segmentation*. A priori segmentation approach is one where all the specifics and bases for segmentation are decided before doing any analysis of the market. The research is made only after that to determine the size of every group, their demographic and psychographic profiles. In comparison, *post hoc segmentation* is defined as the one with an analysis of the market made prior to any market segmentation. All the particular characteristics of each of these groups are decided according to their attitudes and benefit sought while interviewing them. (Kotler P. & Armstrong G. 2010, 224)

The second issue to weigh is the relevance of segmentation dimensions. Obviously it is complicated to divide a target market on relevant dimensions. However, with managerial expertise and an experience of selecting appropriate dimensions, primary segments can be determined from the previous research. An approach that is strongly recommended and defined as more market-oriented is sought benefits research, which is going to be defined in the section below.

The third issue that has to be thought over is determining some bases for market segmentation. In Figure 6, a comprehensive list of all segmentation variables is presented. It includes some useful and important categories to pay attention to.

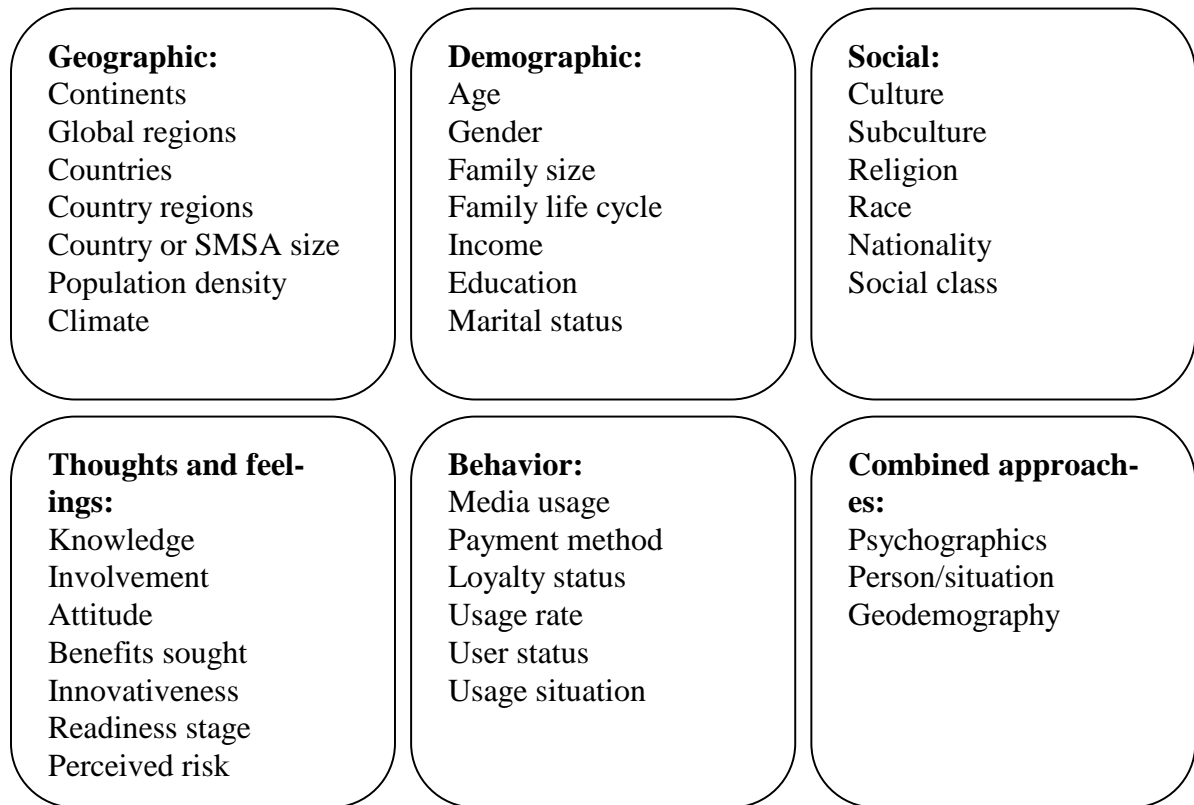


Figure 6. Useful Segmentation Bases for Consumer Markets (Peter, Donnelly, Jr. 2009, 70)

Benefit segmentation and psychographic segmentation are most commonly used for segmenting the market. Geodemographic segmentation is a recently developed approach with a significant number of advantages for marketers. All of them are going to be discussed in that section.

Benefit Segmentation

The main idea of that approach is that benefits that consumers are looking for in using a specific product are the basic reasons for the existence of correct market segments. Therefore, benefit segmentation is concentrated on measuring consumer value system and perceptions of various brands in a product class. There are different tools developed to support that idea. Russell Haley presented an example that included five benefit segments, defined as very useful for selecting the advertising copy, commercial length, packaging and design of a new

product. The segments consisted of principal benefit sought, demographic strengths, special behavior characteristics, brands disproportionately favored, and lifestyle characteristics.

Another benefit segmentation approach that was created by Calantone and Sawyer was focused on understanding of the question whether benefit segments are stable across the time. They found out that even though there was some stability in segments, some differences in attribute importance, size, and demographics at different time were noticed.

To conclude, it is important to highlight that benefit segmentation is absolutely a market-oriented approach that is the most appropriate for identifying consumer needs and wants and meeting their desires by providing products and services with long-awaited benefits.

Psychographic Segmentation

In comparison with benefit segmentation, psychographic segmentation is based on consumer lifestyle, and then divided on the similarity of their responses. To understand customer lifestyles, AIO questions are used. AIO stands for activities (work, hobbies, vacations), interests (family, job, community), and opinions (about social issues, politics, business).

VALS™ that stands for «values and lifestyles» is one of the best-known psychographic segmentation. It was originally developed in 1970s, however modified a few times after that to increase its ability to explain changing lifestyles and predict consumer behavior.

The VALS™ framework consists of eight psychographic groups arranged in a rectangle based on two dimensions. The vertical dimension segments people according to their degree of innovation and resources such as income, education, leadership skills, and level of self-confidence. The horizontal dimension segments people by their motivation for buying and consists of three different types. Consumers motivated by principles and knowledge are driven by ideals. These include Thinkers and Believers. Consumers who are moved by a desire of showing their success in front of others are motivated by achievement. These consumers include Achievers and Strivers. People who find social and physical activity, variety and risk taking very important, are motivated by self-expression. These consumers include both Experiences and Makers. Innovators, who get very high resources that they may have any of three motivations, are on the top of rectangle. On the bottom of it are the Survivors, who do not

have enough income and motivation of any types that listed above. For a better understanding of the framework Figure 7 demonstrates all the types graphically. (VALS™, Strategic Business Insights [referred 21.08.2012])

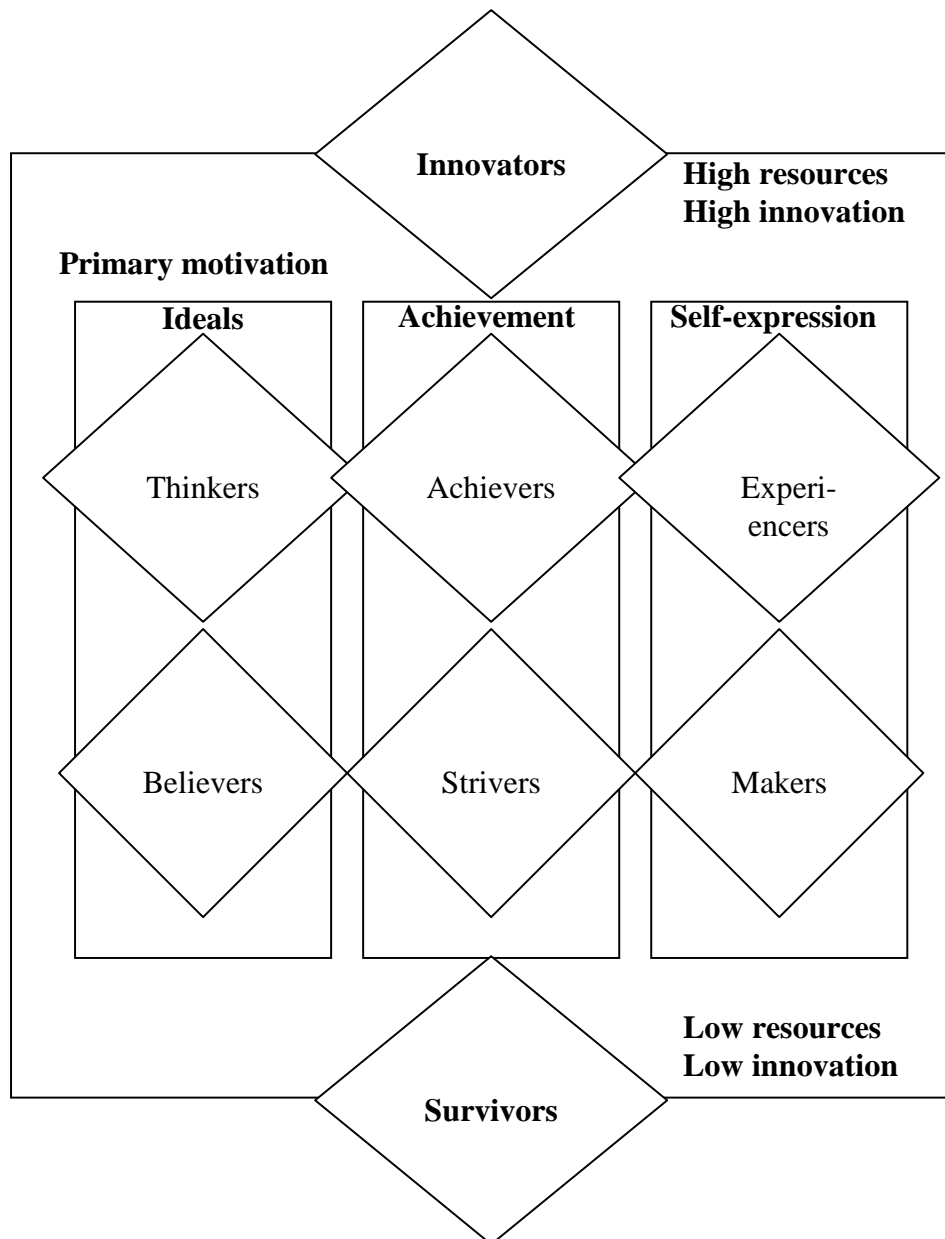


Figure 7. VALS™ framework (Peter, Donnelly, Jr. 2009, 71)

Geodemographic Segmentation

One of the benefits of geodemographic approach is that in comparison with other approaches, only identifying types or categories of consumers, it also identifies specific individuals and households within a market. This information can help with target market selection; direct marketing campaigns, site selection, media selection, and potential of sales in specific areas.

Develop product positioning

When a company has an understanding of the basic segments of the market that theoretically can be satisfied with its products, it is time for product positioning, which means creating a perception about a product in comparison with its competitors. There are several different positioning strategies that can be used. The first one is positioning products based on one or more attributes: for example as less-expensive, safer, or higher-quality product. Secondly, it can be positioned by use or application: what are the ways that a particular product is used? Third, positioning of products in terms of specific types of product users. Fourth, a product can be positioned relative to a product class. Finally, a product can be positioned directly against a competitor. (Kotler P. & Armstrong G. 2010, 233-241)

One of the ways to position a product correctly is by using a positioning map. This tool is a graphic description of customer beliefs about competitive products and brands. The information from surveys is used to draw a graph, indicating all the dimensions and positioning of competitors on the map. Figure 8 shows an example of a product positioning map. (Peter, Donnelly, Jr. 2009, 75)

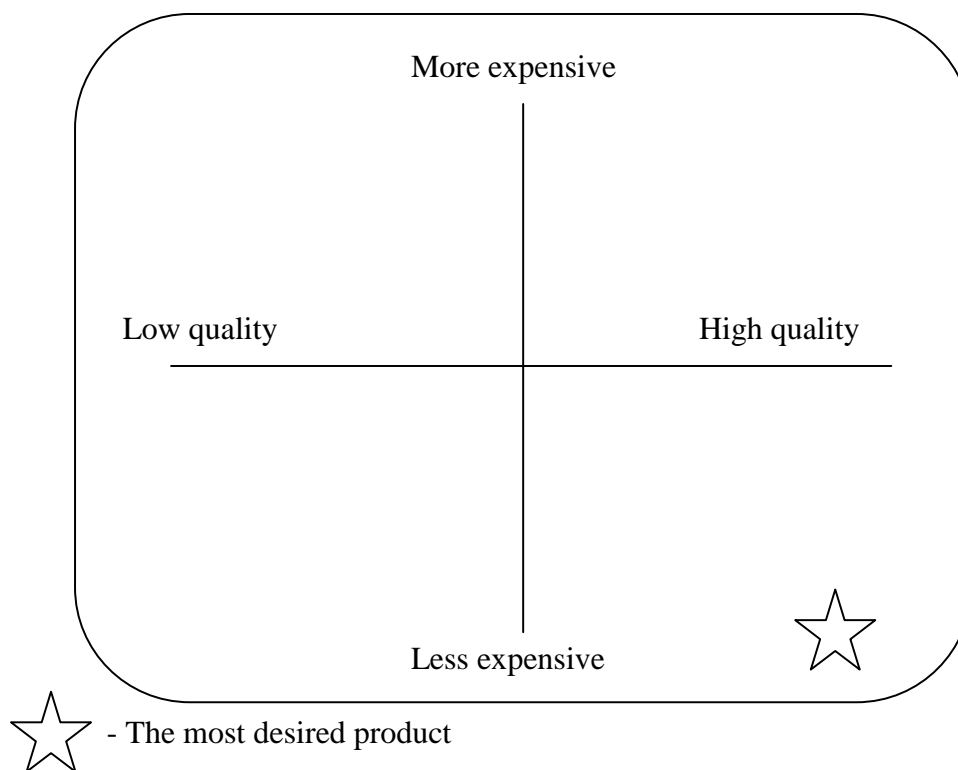


Figure 8. Product positioning map (Peter, Donnelly, Jr. 2009, 75)

Decide segmentation strategy

Deciding a segmentation strategy, there are four main variants to choose from. Firstly, a company can decide not to enter the market. It can happen if there is no place for the company's offer. Secondly, a company can decide not to segment, but be a mass marketer. There are three situations when it can be an appropriate idea for a company:

1. When the market is too small to divide it
2. When most of the portion of the consumers are heavy users, so they are the only relevant target
3. When the brand is a leading brand in the market, so targeting to a few segments would not increase sales and profits

Third, a company may decide to market to one segment. A company can also target to various customer groups and create a marketing mix for each of them. To do that, a company has to have some criteria to base its segmentation strategy decisions on. Some of those criteria that are significant during the process define a viable segment as being measurable, meaningful, and marketable.

Designing marketing mix strategy is a process of finalizing marketing mixes to be used for each segment. Marketing mix and target market are closely interwoven with each other and a lot of decisions should have been already analyzed. Thus, while the marketing mix placed in the end of the model, some of the significant decisions have been made in conjunction with a target market selection. However, the topic will be fully discussed in the next section.

2.3 The Marketing Mix

Marketing mix, in general, is defined as a combination of different kinds of decisions and steps that companies have to make in the process of bringing a product or service to the market. The most common approach in the process of marketing mix is the 4Ps (Product, Place, Price, and Promotion), that was first presented in 1960 by E. J. McCarthy.

For a better understanding of the 4Ps analysis there are specific questions that need to be asked to define a company's marketing mix. (Peter, Donnelly, Jr. 2009, 83-85)

Product/Service

To better understand how a service or a product should be presented on the market, an organization should understand what a customer wants from it. It is also important to define what the features that satisfy customer needs are. One of the other things to determine is how and where customers use the product or service provided, what are the ways customers can experience it. Talking about the specific features of a product or service, there are some things to identify. For example, brand image, sizes and colors, the name of a product, its differentiation in comparison with competitors. (Lathrop 2003, 24)

Price

The value of a product or service has to be clear, in order to understand what kind of a customer segment is to address a marketing campaign to. Moreover, define already established price points for products or services in this area and measure customer sensitivity rate, to understand if a small decrease in price can get an extra market share. Furthermore, marketing campaigns, like offering discounts for instance, can attract customers. Lastly, the price should be compared with competitors. (Lathrop 2003, 25)

Place

This section defines a place where buyers look for the product or service, including the concrete characteristics of that location. The main idea is to discover some ways to access right distribution channels and to find a room for the product in order to reach a larger group of people. (Lathrop 2003, 25)

Promotion

This section consists of questions including where and when a company can get across the marketing messages to the target market. Is it going to be meaningful to advertise a product or service through the press, TV, or radio? Is it better to use a direct marketing mail list or use

online marketing tools? When is the best time to promote? It is important to define environmental issues that may affect a company's market launch or timing of the subsequent promotions. (Lathrop 2003, 25)

The 4Ps model is just one of many approaches that have been developed over the years. However, it is an easy tool to use that can provide an organization with a better understanding of its marketing mix. (Lathrop 2003, 25)

New Product planning and development

This subchapter is based on the pages 98-110 of the book by Peter J.P. & Donnelly, Jr. J. H. 2011, Marketing Management: Knowledge and Skills.

A company's product mix is the full number of products that are offered for sale. It usually consists of several product lines – groups of products that are similar by characteristics, distribution channels, and customers.

Developing a product, a company has to define the ways that a product can be actually new. C. Merle Crawford and Anthony Di Benedetto developed a definition of new products based on five different categories. The first one was defined as *new-to-the-world products*. It consists of products that have been just invented. The second category is *new category entries*. This is a product that takes a company to a new to it group, but that is not new to the world. Third is an *addition to product lines* – products that is an extension of the line or the firm's current market. Forth is named as *product improvements* – the products that have been modified and improved. Lastly, *repositionings* are the products that have been changed for a new use or application.

In order to grow, a company has to focus on the right product development direction. To define it, different approaches are used. Specifically, an organization can use Ansoff's market/product matrix. Table 3 helps to understand the tactic mentioned above.

Table 3. Organizational Growth Strategies (Peter, Donnelly, Jr. 2009, 13)

Markets	Product	Present Products	New Products
	Present customers	Market penetration	Product development
	New Customers	Market development	Diversification

There are four main strategies that present directions a company is moving to, taking into account its current products and markets.

Market penetration strategy is defined as a process of creating a marketing strategy for increasing the interest of current customers for an already existing product. This is commonly used for having higher revenue out of the same product. To do that, specific tactics are utilized, such as price decreasing, creating of a new commercial campaign that indicates all the advantages of a product or a service, new, different-sized packaging, or increasing the number of geographical locations the product is accessible at.

Market development strategy is focused on attracting new customers to the same product. The goal is possible for achievement by making consumers understand why they should be interested in buying a product. Specific advertising techniques and clear positioning on the market are important for reaching success in the strategy implementation.

Product development strategy is creating a new product for an existing market. Usually, there are a few possibilities to offer, like presenting a new version of an existing product or suggesting an enhanced type of it. Moreover, there is an opportunity to demonstrate a new way of usage of a present product.

Diversification is a strategy that creates a completely new product on an absolutely different market. This can be either an entirely new product a company started to produce or a concrete and not related to anything product line. In any case, a very deep marketing analysis has to be done, due to appearing on a new target market. Defining the needs and wants of customers, as always, is one of the key issues for reaching success. (Peter, Donnelly, Jr. 2009, 13)

Even though marketing mix consists of developing promotion mix and sales promotion, these two topics are going to be determined in the next chapter – Music Marketing. The reason for that is specifics and differences in music marketing and promotion in comparison with other products/ services marketing planning.

2.4 Implementation and control of the marketing plan

This subchapter is based on the page 20 of the book by Peter J.P. & Donnelly, Jr. J. H. 2011, Marketing Management: Knowledge and Skills.

The implementation process includes putting the plan into action and performing marketing tasks according to an already organized schedule. However, even the most carefully developed marketing plans may not be performed with perfect timing. Sometimes, corrections have to be made in the basic plan because of the changes in any of the situational environments.

To control a marketing plan, three main issues have to be included. First, all the results of the implemented marketing plan have to be measured. Second, these results have to be compared with the company's objectives that have been defined in the beginning of marketing planning. Third, all the decisions have to be made only if the plan is meeting the company's goals. If there is a significant difference between the objectives previously defined and the actual results, adjustments may have to be made in the plan toward achieving goals of the company. (Walker, Boyd, Larréché 1996, 304)

3 MUSIC MARKETING

“The only constant in the music business is that it's always changing. Always”

A record promoter

Even though the fundamentals of traditional marketing and promotion approaches are used in the music industry, there are a lot of specifics of doing music marketing in comparison with any other fields. Because of that a separated chapter will be dedicated to that process, defining all the details of music marketing and promotion. (Lathrop 2003, 2)

3.1 Defining music marketing

Music marketing and promotion are defined as the process of maximizing the sales and exposure of music. Music marketing consists of recorded work, which is called “shaping a product” and then getting it “rack space”, which means organizing and controlling the process of selling a product in record stores and other outlets. Music promotion is a part of the marketing, increasing public awareness of the product and attracting customers to it. All the key media outlets, such as print, radio, television, the Internet, offer unique promotional opportunities and threats.

Live performance is one of the ways of promotion. However, it can be defined as selling the product – artist or band, offered to customers via the concert stage. (Lathrop, Pettigrew, Jr. 2003, 1-2)

Music is the main product that can be sold and introduced in many different ways, such as live performances, digital records or online distribution. However, even the most talented artist needs to define the right way to introduce him-or-herself on the market. There are different kinds of ways to that, such as the planned-out marketing approach and the «flying blind» marketing approach. As it can be obvious from the title of each of them, the main difference between these two approaches is that one is very well-planned and organized, has defined and analyzed market segments and clear vision of goals, whereas the other one is waiting for the market to «boom» with no planning involved. This approach is very risky, because perceptions of the music makers about their product can be a lot different from the audience view of it. Because of that, there is a possibility that an artist's effort lacks focus, meaning that it does not attract customers it was originally targeted to. (Rae 2006, 10)

To build the perfect marketing machine it is important to understand the goal of the process. The main idea is to find an audience base and to successfully sell a musical product to it. Creating a loyal fan base is very important in the music business, too. Marketing theory divides into a simple one, the idea of which is an immediate short-term sale, and another one which is more concerned about building a long-term relationship with the audience. That can be reached when the customers see a record company or an artist as a brand that they can trust to provide music that they enjoy and a quality of service (live performances, quality of a digital record). Building that kind of relationship takes a lot of time and hard work. However, music

is perfect for establishing deep emotional connections and it is definitely worth it. These people will come to every concert of the band they like, will buy every product that is somehow related to their idols, which by-turn provides an artist or a company with higher and more stable revenue. (King 2009, 3-5)

3.2 History

This subchapter is based on the pages 3-4 of the book by Lathrop T. 2003, *This Business of Music Marketing & Promotion*.

As time goes by, music marketing is rapidly changing. An old music-industry structure was influenced by a number of factors, such as technology development, increased competition, quickly changing public tastes, and globalization of music that moved the whole process of music marketing to the next level.

In 1900, when no communication channels, institutions, systems or regulations to structure were created, there was a make-do environment, a market free-for-all. Sheet music was the main product at that time, so all the publishers marketed them through the retail outlets.

After a period of time the new and higher possibilities were opened for music distribution due to developing technologies. In the beginning of the 20th century, the Victor Talking Machine Company and Columbia made a huge step, allowing consumer to purchase recorded performances. By the early 1930s this idea was accompanied by such an invention as coin-operated playback machines that could be found in an every hotel, restaurant or bar. It was a great way of promotion and commerce, so jukeboxes were commonly used all over the US for a long time.

The radio was rapidly developing at that time, opening new ways for music promotion. However, record companies were concerned about the threats of the new technology – the main issue was the fear that customers will stop buying records, simply tune in their radios. Fortunately, the opposite of it was proved: radio stimulated record sales.

It is obvious that with a significant number of options that consumers could listen or purchase a new song or album, the number of money earned ways increasing, too. In 1914 the American Society of Composers, Authors and Producers (ASCAP) was formed, to provide songwriters with a compensation for public performing of their work. Nowadays, ASCAP and its main competitor – Broadcast Music, Inc. are the main channels of money transferring from music users, such as TV and radio to music creators.

In the beginning of the 50s, the structure of music marketing and promotion was a lot like today: different sale formats – sheet music and phonograph records, social activities and communication, such as radio, movies and live performances, jukeboxes that helped to know better new bands and make customers to buy the records. 1950s was the beginning of the new ways that music was presented to the public. Television that was introduced in the end 1940s made a revolution in the entertainment field by bringing the visual performances to customers' homes. The appearance of it influenced a lot on the radio usage. Due to that, the radio started to «narrowcast» their broadcasts by segmenting their market according to the listeners' music tastes.

In 1980s, Music Television (MTV) started the era of music videos – another way of getting music to listeners. Digital recording technology was rapidly changing too, providing a better quality of music and a new playback format – the compact disc (CD) that could store more music than an LP record.

The 21st century changed the music promotion and marketing techniques significantly by providing the Internet streaming and downloading of the music, which became very popular among the customers. Like all innovations that were made during the past years, the Internet started a reinvention of production and distribution of music.

3.3 Promotion

An essential part of any marketing plan is a promotional strategy. Having all the components of a music marketing plan, product, distribution, and the audience, the company will be still unnoticed. Music promotion includes a lot of different ways of spreading the information

among the crowd: live performances, radio, television, Internet activity, publicity, and paid advertising. These techniques are going to be described in this section. (Brophy 2007, 29)

3.3.1 Publicity

This subchapter is based on the pages 129-138 of the book by King M. 2009, *Music Marketing: Press, Promotion, Distribution, and Retail*.

One of the most available ways of promotion is publicity. A mutually beneficial relationship that a record label or an artist has with a media agency can support both sides, by free service and advertising for a music producer and new information for the media to report to the public. Reading an article or a feedback about an artist or a band, people develop awareness and a personal opinion about it. It can increase the likelihood of future sales.

Media can be defined as all the agencies that provide mass-communicational channels through which marketers can promote their products. It includes editors, reporters, critics, columnists and commentators. These people are very concerned about the public opinion. However, to make the music promotion effective, there are three issues that have to be considered during the process. First, it is important to cover the largest number of people. Second, publications and products should be focused on the target audience. Third, there should be an absolute control of the content of the publication, to know that the right message is delivered.

One of the most important questions is who the target audience is. It can vary significantly from a very small group of people being interested in a specific topic or a mass audience. People can be divided to print-oriented ones or Internet users. All in all, the communication campaign that will be chosen should consist of three main categories: print, Internet, and broadcast.

Print media includes newspapers and magazines that specialize in music in the variety of the perspectives, depending on the audience. There are some categories, such as daily newspapers; general interest, lifestyle, and entertainment magazines; newsweeklies; music and pop-culture magazines; genre-based music magazines; promotional magazines (that can be published with a request); magazines for record collectors; trade publications.

Internet is one of the most developing hosts of publications and it combines a variety of websites with some news, feature articles, reviews, audio and video clips presented. There are four types of web pages that can be used for that: web-based music magazines and news sites, general interest Internet magazines that cover music related subjects, web editions of the publications that are listed as “print”, and blogs – personal web pages that can attract a large number of people. (Brophy 2007, 28)

Deejays, commentators, talk-show hosts on the radio and television invite music artists as guests quite often. Usually it involves some news, interviews or other ways of discussion that can promote an artist and entertain the public. There are a lot of late-night shows, network morning news programs with occasional musical guests, commercial talk and radios with musical guests.

3.3.2 Online techniques

This subchapter is based on the pages 30-115 of the book by Hutchison T. 2012, *Web Marketing for the Music Business*.

Due to the innovation technologies and appearance of the Internet, it became much easier to promote music for independent musicians, small record labels, and established companies. A lot of tools were created and developed during the years of the Internet-boom, which are going to be presented fully.

The Internet became so powerful and popular technique for a good reason. It is an effective, low-cost starting point for the promotion, because the number of communication options it offers. To succeed in doing that, the most important is to concentrate on the right moves and content that is presented online, using creativity and energy. (Kotler P. & Armstrong G. 2010, 512-519)

There are some Internet promotion options:

- Effective use of a personal website

- E-mail lists to inform the target customers about new music and other news
- Using appropriate and targeting multi-artist websites, which can provide promotional services
- Being a newcomer to the market, posting the music on free peer-to-peer file-sharing websites (Kusek, Leonhard, Lindsay 2005, 139)

Personal website as a promotional tool

This subchapter is based on the pages 155-163 of the book by Lathrop T. 2003, *This Business of Music Marketing & Promotion*.

Even though it is not always necessary to create a personal website, due to the relatively high-cost for its maintenance, it provides an artist with a maximum control over the perception of the message and content that is presented. To be attractive and effective, there are some basic structural and visual needs that should be well organized.

There are some elements of a typical website:

- A home page – the first page that can be seen by visitors opening the web page. It offers hyperlinks to other page with divided content.
- Additional pages, including a photo album, list of events, history of a band, etc., can be reached through the home page.
- Product listings and the method of ordering. If it is impossible to order from the website itself, the link to an additional webpage should be offered.

This is a basic background for a website. To make it work, there are some goals to focus on:

Holding customers/visitors attention

It can be quite demanding. Nowadays it is hard to impress the public even with a good content or graphics. However, there are specific rules to comply. One of the most important things is a visual appeal – unusual design, interesting concept, a logo or a brand, latest CD cover, upcoming concert poster – everything that can attract a visitor. It is also important to design the website in the way that is the most appealing to an existing or expected target audience, whether it is a blues/jazz band or a hip-hop crew.

The hardest mission is to make visitors come back. To do that, it is important to make sure that the content appeals to the target audience, it changes frequently, offers added value to the fans which they cannot find anywhere else. The most effective website usually includes the following points: biographical information about the band, current news, tour schedules and a list of upcoming events, e-mails for booking and press, song lyrics, photo gallery, audio and video clips. Generally saying, it includes everything that is related to the band or the record label that can satisfy the needs of the fans.

Closing the sale

Personal website is a perfect tool for selling merchandise products, new records, and tickets to the events. However, not an every person, clicking the website, is going to buy the product right away. For incentives to buying, following methods can be used: (1) providing quotes from reviews, (2) offering description of the music or 30-60 seconds samples of selected songs, (3) offering discounts for purchasing directly from the website, (4) offer «specials» with specific deadlines.

If the product cannot be sold directly from the website, one can provide links to online outlets where it is possible. The design and content of the page should be appealing to customers.

Building one-to-one relationships with fans

A one-to-one relationship with customers is a significant and valuable part of online promotion. The typical music fans like to be involved in all the activities related to their favorite artists, to feel close to the act and its music. To reach the highest level of loyalty from the customers, the key is to develop as personal relationships with fans as possible.

There are five components of creativity:

1. Allowing visitors to get in touch with a band or a record label, communicating directly
2. Helping to learn what visitors want, for a better equipped website

3. Getting opinions about the music, creating a sense of active participation in the artist's world
4. Getting visitors to agree to mailings and communications in the future
5. Helping people to learn more about all the activities related to the band or the artist

There are some commonly used methods of interaction with customers. One of those is e-mail usage for direct communication. Having an e-mail link on the website helps customers and visitors to express their concerns and ideas. This service is very effective for both an artist and a fan, because mutual understanding is very important, especially in the music business. To keep it real, the message that is sent back as an answer whether it is an auto response or not, should reflect to the artist's or the record label's image and style.

Creating the brand awareness and image

The brand of a record label or a musician is the specific, unique, well-recognizable, and memorable idea that best represents the music performed. To reach a high level of brand recognition, a logo or other visual imagery is used, which was designed previously. It must be used consistently on all the merchandise products, posters, digital records, etc. Branding is important for a website, too. Designing the website according to the colors and style of the band is highly recommended.

Using e-mail to promote the music

This subchapter is based on the pages 163-168 of the book by Lathrop T. 2003, *This Business of Music Marketing & Promotion*.

Nowadays e-mailing is commonly used among all people. This is a highly successful way of spreading the word about the band or the record label activities and news. However, there is a possibility of failure, due to a high number of e-mails that people get every day. Considering commercial emails as spam, a lot of people either delete them or do not look at the content.

Because of that, some guidelines were defined. First, targeting the e-mailings carefully provides avoidance of messages being discarded as spam; sending them to those who can be ac-

tually interested. Second, giving recipients a reason to open the e-mail with a good subject line. Third, avoiding obvious ad-speak. It is much better when the e-mails look like person-to-person tips rather than a commercial campaign. Fourth, it is important to make it easy to respond, providing clickable links in the e-mail.

There are several general types of e-mail communications. The most common ones are announcements, offers, reminders, and confirmations, to keep customers in the know about a product offering, including a new CD release, a list of upcoming shows, a website, or some special promotional offers.

E-mail newsletters are not so commonly used. However, sending regular e-mail newsletters can be a good way to build strong and long-term relationships with customers and a fan base in the future.

Digital press releases are commonly used by bands and record labels. Just as printed press releases, it is the information letter to the media about a specific event, a CD release, or an upcoming tour.

Promotion through multi-artist websites

This subchapter is based on the page 169 of the book by Lathrop T. 2003, *This Business of Music Marketing & Promotion*.

While established online outlets are commonly used for selling products, they are also a good way of promotion, in addition not to spending money on a personal website. This opportunity has both positive and negative side effects. On the one hand, popular websites can provide an artist with an enormous variety of potential listeners. On the other hand, it may cause the perception of just another band, among all the huge variety of others. It is important not to get lost and underestimated by the listeners.

There is a range of services that multi artist web sites can offer:

- Hosting a webpage that includes music files submitted, photos, and bio information
- Adding a band to a search engine, which helps to find a band by name or by song

- Providing market research tools, including database of national media, venues, and other promotional support
- Offering special promotional techniques, for example, linking the band's MP3 files with other well-known artists, according to music genre and using tags. That provides the band with new potential listeners
- Measuring the success of joining the network, offering statistics that allow an artist to view how many people visited the page or how many downloads were made.

3.3.3 Other promotional methods

This subchapter is based on the pages 109-115 of the book by Nash E. L. 2000, Direct Marketing: Strategy, Planning, Execution.

There are various promotional techniques that are used in the music business. A live performance is a reliable way of promoting the music that a band or an artist is playing. Because of that, tour schedules are planned according to the release date of new recording.

Cross-promotion is a mutually beneficial partnership of separate companies by promoting each other's products. Both parties share costs equally and each derives advantage from access to the other's customer base. A successful cross-promotion is defined as one where the partners refer to the same general audience, reaching different market segments.

Advertising is a substantial part of music promotion, supplementing media at drawing attention to the product. Being a very effective technique, advertising has two main disadvantages. First, it can be quite expensive. Second, commercials are less convincing for customers, compared to reviews in newspapers or magazines. However, this obstacle can be overcome by using endorsement quotes in the ad.

There are general types of advertising that most commonly used for promotion: displaying ads in newspapers and other print media, direct mailing (brochures), flyers for placement in cafes and other public places, outdoor billboards, transit ads (buses, taxis, subway), Internet advertising, commercials on radio and television.

Having the possibility to operate with a huge variety of different advertising methods, budget-challenged independent labels and artists have quite limited options. The most affordable ways for them are online techniques, print media ads and flyers posting.

For the effectiveness of advertising there should be a clear message that an artist or a record label wants to deliver. The advertising should attract the public, creating a positive attitude about the product, showing its uniqueness among the others. The place where the advertising appears is also essential. Whether it is a newspaper or a magazine, the choice should be based on the preferences of the target market.

3.4 Live performance market

This subchapter is based on the pages 94-103 of the book by Abramson H. R. 2000, How not to promote concerts & music festivals.

Playing live is one of the most productive ways of doing marketing. The reason for that is the ability to get a feedback from the audience, whether the crowd accepts or rejects the way the music is presented – visual image, personality, and the artist's stage presence.

Usually, musicians start their career with live performing in small bars, restaurants, wedding parties, etc. However, all of the steps are related to each other. If the artist builds an audience, sales of records will follow. It results in higher-level concerts and more recordings in the future. Live performance, as a marketing tool, has two main purposes: it makes money directly and it promotes other products that the artist or the record label produces. It is a major part a of musician's financial pie. (Lathrop 2003, 189-198)

There are three stages of live activity. The first one is start-up artist, performing locally, while developing and reaching new levels of revenue and popularity among the audience. The next step is middle-level artists, who perform regionally in concerts and large showcase clubs. The third stage consists of the headlining recording artist, including large-scale touring.

3.4.1 New or local artists and live performing

This subchapter is based on the pages 200-203 of the book by Lathrop T. 2003, *This Business of Music Marketing & Promotion*.

Generally saying, all the successful music careers start with that level of playing in nightclubs, bars, and private parties. Because of that, it is very important to know the basic steps of booking performances at the start-up or local level, and present the artist as a professional.

There are several steps for booking a nightclub or a bar by the musician itself:

The first thing to start with is to record three or four representatives of the songs, according to music preferences of the venue. Usually, an artist burned a CD demo, to give it to the venue manager personally. However, it is not so common anymore. Because of the large volumes of information that managers are working with, it became much easier for them to receive an e-mail that consists of links to Soundcloud or Bandcamp, containing the songs, and a Facebook page that shows a number of «likes» - fans of the band.

Including specific dates that the band wants to play is very important. As it was already mentioned, venue managers do not have time for talking personally to every musician. Moreover, there are hundreds of e-mails coming every day, with different bands asking to play in the venue. If the message is not specific and clear, there is a lower chance that a manager will keep it in mind. As practice shows, when the band is kindly asking to play an exact day or at least month, there is a better opportunity for the request to be considered.

Having a basic promotion kit is always an advantage. However, having a printed version of it is not obligatory due to a variety of networks to do it online. All the bands, including those that have a very low budget, can afford having free web pages, which include biographical background of the band, photos, songs to listen, and links to reviews in the newspapers and other media.

To save some time, it is important to look for venues, cafes, restaurants that cater the same target audience as the artist's. In other way, both the artist and the audience are going to be unsatisfied with a performance.

Promotion of live performances at the start-up or local level

Attracting as many customers as possible is vital not only because the artist is paid percentage of the door, but also because of a booker's decision whether to rehire the performer may depend on it.

Even with a low budget, there are some promotional techniques that can be used by an artist. The most commonly used one is to post flyers. It is possible to prepare informational post-cards on the personal laptop, even without having professional skills at graphic design. Spreading the flyers everywhere – cafes, restaurants, college campus boards, etc. – can help a lot. Another method that is usually used is giving flyers away after the show of a band or an artist who is playing music of the same genre and has the same target audience. (Brophy 2007, 62-68)

Moreover, e-mailing lists can be used even on the level of a start-up in the music business. Starting with sending informational e-mails to relatives and friends, the list can grow by further resending and sharing. Also, a band is promoting itself during the performance by creating a specific attitude toward the audience. One of the ways that is commonly used in practice is to ask the crowd to write their e-mails to be updated to all the information, concerning the band's upcoming shows.

The most effective technique is to post the information online, specifically on the band's official pages in social networks, like Facebook, Myspace, Last.fm, Soundcloud, and Bandcamp. People can listen to the music of the band and see all the updates concerning the upcoming shows. (Brophy 2007, 69)

3.4.2 Middle-level artists and live performing

This subchapter is based on the pages 203-207 of the book by Lathrop T. 2003, *This Business of Music Marketing & Promotion*.

Middle-level artists are defined as those that had experience at the start-up level, have developed an original sound and image, have a recording in distribution but are not headliners yet.

These musicians are usually trying to broaden their market by including new geographical areas to the list of their performances. They are traveling a lot and having the shows booked in multi-stage regions. Venues include middle size concert halls, nightclubs, and college auditoriums.

A middle-level artist is not responsible for bookings and has all the work through a personal manager or booking agent. He lines up liabilities, handles the contracts, collects the revenue and pays the money to the musician after subtracting a commission that is usually 10 to 20 percent of gross earnings. He also strives to set up an itinerary to have the most reasonable and less demanding journey, while touring.

Finding a reliable and professional manager can be quite troublesome. However, there are special organizations that can consult a band that has obstacles in finding one. A good example of it is Billboard International Talent and Touring Directory or American Federation of Musicians website to look up AFM-approved agents. Moreover, a band should be prepared to provide a prospective music manager with a promotional kit, including as detailed information as possible, demonstrating that the manager will have a benefit from working with them.

Promoting performances for the middle-level artist

While touring, the most substantial part of the whole promotional campaign should be planned and performed in advance: press kits should be sent, the calendars should be updated, and ads placed by a promoter, who works ahead putting up posters and sharing flyers about upcoming performances. Moreover, it is important to contact the local media in towns to ask in advance if interviews and record-store appearances can be set up. (Weissman 2006, 107)

3.4.3 National headliners and live performing

This subchapter is based on the pages 207-210 of the book by Lathrop T. 2003, *This Business of Music Marketing & Promotion*.

A performer that has national recognition, substantial radio play, and CD sales counting in the tens of thousands, has reached the level of national headliner. Selling CD with platinum (one

million copies), a headliner has the possibility to perform in front of thousands of people, filling arenas and stadiums. With big success come enormous problems and expenses to take care of. Because of that, when touring, a national headliner has a big crew that is involved in the whole process and divides all the responsibilities and tasks between each other.

It is much more complicated to plan and organize the tour for a national headliner than for a middle-level artist. There are several reasons for that. Firstly, the number of destinations is higher. There is a lot worldwide traveling involved, thus the whole transportation, hotel bookings, local press coverage and advertising, rehearsals, sound checks, and payments should be logistically planned in advance. Secondly, the number of personnel is larger. A performer is surrounded by a number of people: a professional photographer, a writer who has to cover the tour for a national magazine, a video crew who is filming documentary, and so on. Because of that the expenses are significantly higher. Sponsorship is a common solution for that problem. A sponsor covers some of the costs of the tour in return of onstage advertising of its logo on banners and displays. However, the technique should be used carefully, so that the audience is not associating the performer with the product. (Brophy 2007, 57-59)

While booking performances at the national headliner level, the most amount of time is spent on choosing the venues and markets to cover during the tour. Several key points are involved:

- The image of the venue. It is beneficial for a musician that he performs in a beautifully remodeled concert hall, rather than in a seedy, dilapidated amphitheater
- How close the venue is to the site of another concert on the tour. Several appearances in the same geographic area may cause separation of the audience, resulting in unsold tickets and empty seats
- The amount of time since the artist performed for the last time in that geographic area. If the last appearance was not a long time ago, there may not be any request for another concert.

Headlining artist's performances (and sometimes middle-level ones) are booked through local, regional, or national concert promoters. Promoters may be also called concert producers who

book the venue, handle associated costs, and take the financial risk. The benefit comes from a percentage of ticket sales after expenses have been recouped.

Payments for the concert promoter include basically everything that is related to the performance: renting the hall, paying the personnel (stage, crew, security, etc.); renting equipment (lights, sounds, instruments); and additional payments for advertising, ticket printing, ticket agency fees, insurance, etc. Concert promoters negotiate with the artist's representatives, such as a booking agency or a personal manager, during the whole process of putting a concert together.

Promoting performances at the national headliner level

Concert tours affect record sales in a positive way. Thus, it is very important to promote each appearance effectively. The steps that have to be taken are a lot the same as with middle-level performers. However, promotion is often handled and divided between different offices or individuals.

4 SITUATIONAL ANALYSIS OF NOLAFUNK

“There are many apples on the tree, but only one Big Apple”

Jazz musicians’ old saying

This chapter is going to present a situational analysis of NOLAFUNK. The main purpose is to fully describe all the tools and analyzes that need to be done to have the best idea of profitability of the project and general situation on the music market. Situational analysis of NOLAFUNK will also help to predict some of the obstacles that CEG, Inc. may face. Thus, it is very important to pay specific attention to that.

New York City has always been known as the second capital of jazz music after famous New Orleans. Legends of jazz were writing songs about the magic of the city, performing in Harlem almost every night and creating the atmosphere of a holiday every time they were on stage. That was the times of 1920-30s, however jazz music is still very popular in New York.

Creative Entertainment Group, Inc. was founded in 1994 by Mike Maietta and Howie Schnee. Having different tastes and a variety of work experience they created a very productive combination of both music tastes and leadership styles. Being a promotional company, organization of the concerts that included everything starting with dealing with musicians' desires and ending up with fixing all the problems during the shows is the main concern of CEG, Inc. Concentrating mostly on producing and marketing of jam shows, the company is oriented to a specific customer segment and has long established relationships with a managerial team and musicians that are somehow related to it. Demonstrating their knowledge in a number of innovative marketing techniques, such as using the Internet as a main tool for promotion, CEG, Inc. has established an image of a very well organized company with a good experience in the field.

Creative Entertainment Group, Inc. decided to bring to the market something new – the combination of both capitals and different genres, known as classics of jazz, funk and brass. A product line called NOLAFUNK was created to represent the series of concerts and to establish a new community of people who are passionate about this music genre and want to discuss it with like-minded people. However, it was still important to analyze the market deeply, to get an idea of the product profitability.

Most of the concerts are organized in two venues in Manhattan, New York. B.B. King's is a medium sized concert hall/ bar, which is located in the heart of Midtown, right next to Times Square. The musicians that usually perform there are mostly tribute bands and artists, who play classics of jazz. An unusual atmosphere is perfectly combined with an amazing sound and high level of service. Meanwhile, the name of the venue says for itself – B.B. King is a well-known American blues guitarist and vocalist.

Two other concert halls called Highline Ballroom and Hiro Ballroom are located in Chelsea, Downtown Manhattan. For two years already, Hiro Ballroom was a place of organizing funky brass nights with New Orleans musicians playing there as a part of Mardi Gras Balls. These events were unforgettable; because of the impression that musician could create while performing.

Creative Entertainment Group, Inc. a.k.a. NOLAFUNK took part in organizing a series of New Orleans shows in old Abrons Arts Center theatre, a beautiful place with an unusual atmosphere.

4.1 PEST

PEST is known as the most commonly used tool for analyzing political, economic, socio-cultural and technological characteristics of the environment that company operates in. It helps to understand the overall situation, define the disadvantages and advantages of coming to the market. Thus, it has to be done in the very beginning as a foundation for further development of the company's marketing plan.

Political and economic environment

This subchapter is based on the information from the New York State business environment webpage [referred 5.09.2012].

Creative Entertainment Group, Inc. operates in New York City area, where the head office is located and mostly all the concerts are organized. Being on the market for almost 20 years, political and economic environment was examined in detail, including taxes and laws issues being tracked. Inflation and Late-2000s recession did not shift CEG, Inc. from the market, because of quite stable and low price ranges of the shows they organized. Political and economic background has not changed significantly at the time of creating a new product line. CEG, Inc. is not a new entrant company and has been on the market for a while, so it will most likely avoid the risks, concerning political and economic legislation of the U.S. and New York State. The socio-cultural and technological environment played a bigger role in the process of new product line development and implementation. Thus, it will be examined more precisely.

Socio-cultural environment

This subchapter is based on the information from Hofstede's cultural dimensions website [referred 5.09.2012].

People of New York are the most diverse market that can be imagined, consisting of different personal and educational backgrounds, social classes, attitudes and lifestyles, combined and mixed in the most populated city of the U.S.

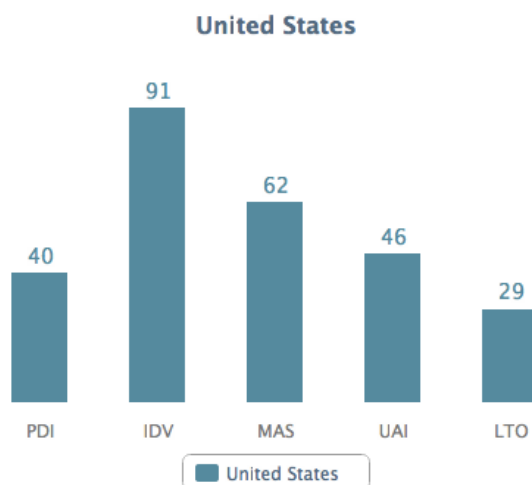


Figure 9. Hofstede's cultural dimensions (Hofstede's cultural dimensions [referred 5.09.2012])

Using Hofstede's cultural dimensions, the main characteristics of US culture can be defined. It describes cultural and social background of the country through different perspectives, which provides deeper and more objective results.

According to Figure 9, *Power distance* rate is low (40), what verifies the American idea of "liberty and justices for all". It also shows the high importance for equal rights in all aspects of the American society and government. At the work place, hierarchy is established only for convenient division of responsibilities; communication is direct and informal.

The U.S. has one of the highest rates of *Individualism* (91). As members of individualistic society, Americans are supposed to look after themselves and their close family only. All the people are responsible for personal achievements and breakdowns. There is a high degree of geographical mobility in the U.S. and a lot of Americans used to interact and do business with strangers.

The United States has score 62 for *Masculinity*, meaning that the education at schools and universities, behavior at work and at home are based on the idea that success is the most important. The American society is very competitive, strives to win.

Uncertainty Avoidance rate is 46, which means that society accepts uncertainty quite well. They are willing to try new technologies and innovative products. Americans are tolerant of opinions or ideas of others; allow the freedom of expression. However, the U.S. society is less demanding in terms of rules and regulations and does not express their feelings as much as higher-scoring cultures do.

According to the score 29 for *Long-term orientation*, it is quite obvious that American culture is a short-term oriented one. Individuals strives for a quick result at the workplace and are focused on traditions and implementing social duties.

It is important to say that American culture and history are strongly related to jazz music. Talking about New York and New Orleans, Jazz is the biggest attraction for tourists and local people. Therefore, from the socio-cultural point of view, opening a new product line that is preliminary related to jazz music is a very promising idea.

Technological environment

Technological environment plays a significant role in the development of the music business. Specifically, the Internet changed the whole way of promotion and marketing. The possibility to buy a new album from iTunes and other online stores made the whole process easier and faster. Moreover, the rapid growth of social networks usage created online promotion – an absolutely new way of direct communication with the audience. Indeed, all of that pushed the music industry on the next level. Despite of the disadvantage of the Internet, such as piracy, it definitely brought a lot more positive innovations, creating a new, easy way of marketing and promotion.

4.2 SWOT

SWOT analysis is one of the easiest and the most efficient tools for understanding all the strengths, weaknesses, opportunities and threats of the new product line coming to the market. Table 4 demonstrates a SWOT analysis of NOLAFUNK product line, to define what CEG should pay attention to, while developing and implementing it.

Table 4. SWOT analysis for NOLAFUNK (Adapted from Thompson, Jr., Strickland III, Gamble 2008, 105)

Strengths <ul style="list-style-type: none"> - Good experience in working in the music business in New York - Connections with different music acts and labels - Historical connection of Jazz music and New York, loyal audience - New is always attractive 	Weaknesses <ul style="list-style-type: none"> - No brand image and awareness - Customers have loyalty to the music genre but not to CEG - Low profit in the beginning - Need in additional funding
Opportunities <ul style="list-style-type: none"> - Creating a community of like-minded people, who share the same interests - Building a strong fan base by providing good services - Building NOLAFUNK brand awareness - Increasing overall profit of CEG 	Threats <ul style="list-style-type: none"> - Competitive force - Change of trends and lack of people interest - Misunderstanding of customer needs and wants

4.3 Root-cause analysis

For an accurate root-cause analysis the statistics and information from GrabStats website were used. [referred 20.10.2012] However, all the results, ideas problems defined are based on the personal experience of working in Creative Entertainment Group, Inc. for six months. It

helped to analyze the situation in the company and indicate the issues that may be solved for a better outcome.

Root-cause analysis is going to help define the main problem that CEG faces and find all the factors that have the biggest influence and input. Moreover, it will help to see the root of the problem and the side effects of it. Figure 10 demonstrates the map of issues that have been discovered. Using it, the marketing plan can be made according to the specifics of CEG situation.

According to the map, lack of the audience and profit during the jazz concerts is the core problem. However, it was caused by some factors such as not defined marketing and promotion techniques, lack of brand awareness and wrong customer segmentation. The whole process of creating root-cause analyzes is a lot like brainstorming. It not only helps to see the problems, but also develops and creates possible solutions for it due to understanding of unnoticeable side effects.

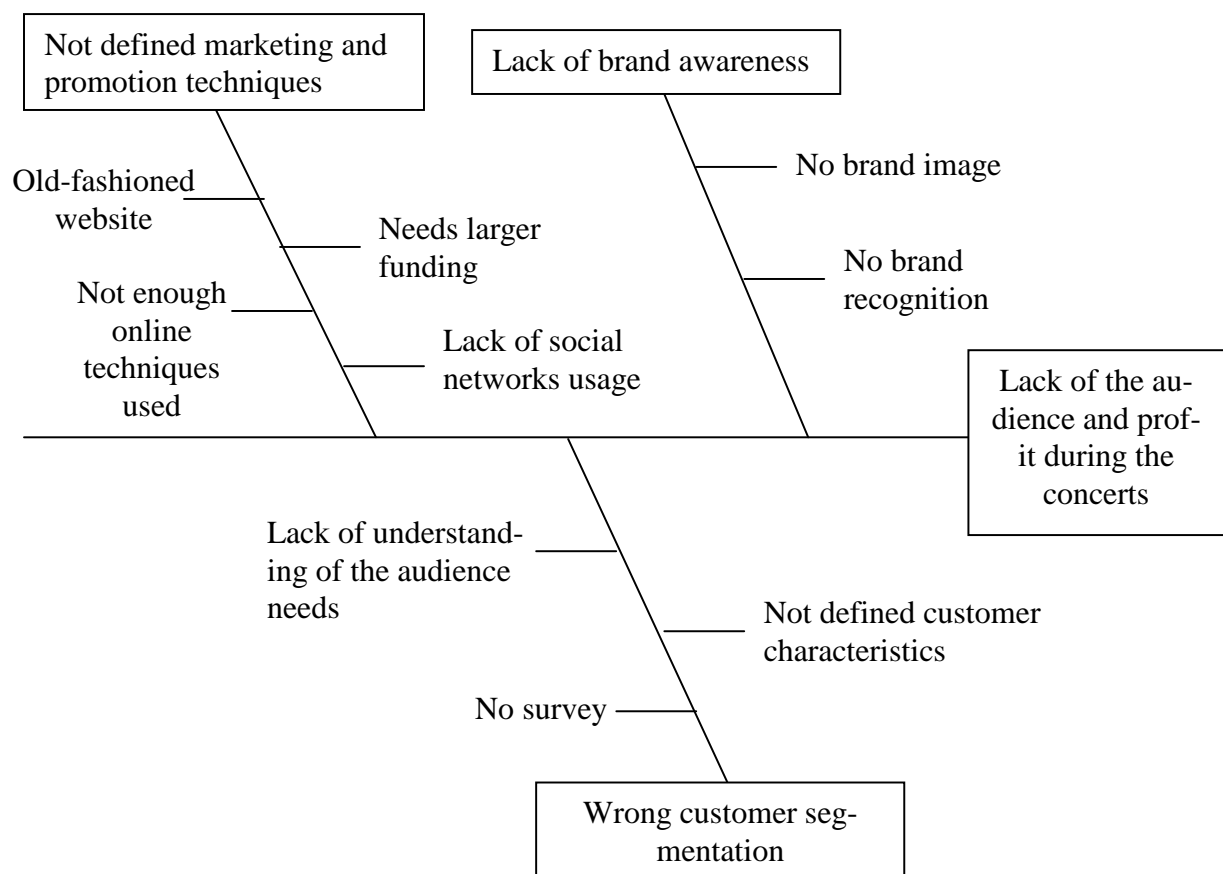


Figure 10. Root-cause analysis of NOLAFUNK

As Figure 10 shows there are some obstacles that CEG should go through and find solutions for. Talking about the marketing plan, the decision-making process will be based on the solving all the problems that were discovered due to root-cause analysis. To increase the number of guests coming to the shows, there are three main things that will be examined fully: branding; innovative and appropriate marketing and promotion techniques; and correct customer segmentation, with the help of an online survey.

4.4 Analyzing a competitive force

During the process of marketing planning, competitive rivalry has to be analyzed precisely. The reason for that is the importance of healthy competition between the companies. It forces competitors to constant development and improvement.

Creative Entertainment Group, Inc. has two main competitors on the market. Both of them provide promotion and marketing services to musicians; help with concert organization process on all the levels.

Rocks Off is a medium size company that is similar to CEG, Inc. in terms of size and music genre it promotes. Being on the market for a while, it has an impressive fan base. Moreover, all the *Rocks Off* concerts are organized at the same venue as the shows of CEG, Inc. Thus, depending on who provides a better act for the night and according to the contract agreement, a calendar of events is usually organized. (Rocks Off. [referred 9.09.2012])

The Bowery Presents is a bigger company that is known for a variety of jazz shows and famous musicians it promotes. Organizing concerts in five different venues in Manhattan and Brooklyn, it has strong brand awareness and impressive recognition among the audience. However, it cannot be called a direct competitor of CEG, Inc. due to the enormous difference in assets it operates with. (The Bowery Presents [referred 9.09.2012])

For a better understanding and future preventing of the threats that Creative Entertainment Group, Inc. might face coming to the market with NOLAFUNK concert series, two analyzes were made.

Table 5 shows the results of Porter's five forces analysis. According to it, a competitive rivalry is medium due to quite established positioning on the market and a lack of direct competitors. The data in Porter's five forces analysis is based on music business statistics from Ciscaportal website [referred 20.10.2012].

Table 5. Opportunities and threats of CEG, Inc. (according to Porter's five forces analysis)

Opportunities	Threats
Threat of New Entrants	
An opportunity	Low - CEG is on the market for almost 20 years, opening of a new product line will not be threatened as a new entrant.
Bargaining power of Buyers (the audience)	
An opportunity – building strong fan base, community that will support CEG, Inc. and NOLAFUNK	High – CEG, Inc. and NOLFUNK primarily depend on their customers willingness to buy tickets
Bargaining power of Suppliers (musicians)	
An opportunity – CEG, Inc. has prosperous relationship with musicians, thus it is possible to rely on suppliers in terms of quality of the sound, a level of performance, etc.	High – Dependence on musicians and managers' opinions about everything related to the performance
Threat of substitute products	
An opportunity	Low – Due to unique service provided no visible and worrying threats of that kind can be seen
Competitive rivalry	
An opportunity – sponsorships, co-operations with other music related businesses for better promotion and profit as a result	Medium – not a strong one due to quite established positioning on the market

AHP analysis was used to define the leader in every specific characteristic of the service provided, including *Price*, *Service*, *Image*, and *Convenience* (location of the venue in the city). According to Table 6 (a), The Bowery Presents has the highest rank. However, taking a deeper look to Table 6 (b), Creative Entertainment Group, Inc. is a leading company in some specific characteristics, like price and service. AHP analysis helps to define the issues that have to be improved to lead the market. For better understanding, Table 7 (a, b) demonstrates a part of the process on the example of Convenience. Using the grading system from one to five, all the companies got specific positioning according to the results in every characteristic. Thus,

the analyses help to define not only the final leader on the market, but to see all the advantages and disadvantages of each competitor within specific criteria. After that, an adjustment matrix is made, defining the importance of criteria in relation to each other (Table 7 (a)). The grade of a specific company is divided to the sum of all the grades that competitors have got and then the average is evaluated (Table 7 (b)). Finally, the average of the result from Criteria adjustment matrix is multiplied to the result of a specific company in the specific criterion (for example, convenience) to get final results (Table 7 (a)).

As a result, it was discovered that CEG, Inc. has to pay particular attention to the brand image. It has the lowest rate in that point, which prevents the company from rising higher within a rank. Full AHP analysis can be found in Appendix 1.

Table 6 (a, b.) Results of AHP analysis of NOLAFUNK

a)

<i>FINAL MATRIX</i>						
	Price	Service	Image	Convenience	Sum	RANK
CEG/NOLAFUNK	0,170	0,086	0,007	0,128	0,390	2
The Bowery Presents	0,028	0,038	0,042	0,337	0,446	1
Rocks Off	0,070	0,017	0,015	0,062	0,164	3

b)

	CEG/NOLAFUNK	The Bowery	Rocks Off
Price	1	3	2
Service	1	2	3
Image	3	1	2
Convenience	2	1	3

Table 7. Adjustment matrix

a)

1---->5					
LEFT TO RIGHT					
ORIGINAL MATRIX					
	Price	Service	Image	Convenience	
Price	1	3	5	1/3	
Service	1/3	1	4	1/5	
Image	1/5	1/4	1	1/5	
Convenience	3	5	5	1	
Sum	4,53	9,25	15	1,73	
ADJUSTMENT MATRIX					
	Price	Service	Image	Convenience	Average
Price	0,221	0,324	0,333	0,192	0,268
Service	0,074	0,108	0,267	0,115	0,141
Image	0,044	0,027	0,067	0,115	0,063
Convenience	0,662	0,541	0,333	0,577	0,528
					1,000

Convenience

ADJUSTMENT MATRIX						
	CEG/Nolafunk	The Bowery	Rock Off	Average		
CEG/Nolafunk	0,188	0,167	0,375	0,243		
The Bowery Presents	0,750	0,667	0,500	0,639		
Rock Off	0,063	0,167	0,125	0,118		
				1,000		
FINAL MATRIX						
	Price	Service	Image	Convenience	WTS	RANK
CEG/Nolafunk	0,170	0,086	0,007	=F18*E80	0,390	2
The Bowery Presents	0,028	0,038	0,042	0,337	0,446	1
Rocks Off	0,070	0,017	0,015	0,062	0,164	3
					1,000	

b)

CONVENIENCE				
ORIGINAL MATRIX				
	CEG/Nolafunk	The Bowery	Rock Off	
CEG/Nolafunk	1	1/4	3	
The Bowery Presents	4	1	4	
Rock Off	1/3	1/4	1	
Sum	5,33	1,50	8,00	
ADJUSTMENT MATRIX				
	CEG/Nolafunk	The Bowery	Rock Off	Average
CEG/Nolafunk	0,188	0,167	0,375	0,243
The Bowery Presents	=B74/B76	0,667	0,500	0,639
Rock Off	0,063	0,167	0,125	0,118
				1,000

4.5 Market and product segmentation

Defining the product growth strategy, *product development* was chosen as the most suitable one. As it can be seen on Table 7, product development strategy is the approach of providing a new product or service on the present market.

NOLAFUNK is a series of New Orleans jazz shows, organized in New York. CEG, Inc. was not primarily specializing in this music genre, thus it is new for the present audience. The idea of NOLAFUNK is to create a community, a strong fan base that is going to share and spread the information about upcoming shows and be loyal to the company and the brand, due to the high level of satisfaction during the previous shows.

Table 7. Organizational Growth Strategies (Peter, Donnelly, Jr. 2009, 13)

Product Markets	Present Products	New Products
Present customers	Market penetration	Product development NOLAFUNK
New Customers	Market development	Diversification

Creative Entertainment Group, Inc. a.k.a. NOLAFUNK organizes both funky Mardi Gras parties with New Orleans brass bands performing and people dancing and intimate music nights, with a classic of jazz playing and people enjoying the live sound and drinks in a cozy bar. Moreover, CEG, Inc. also takes part in promoting large NYC shows in some amphitheaters around Manhattan.

Product positioning map is a tool that helps to define the place that a company has on the market, comparing to its competitors. On Figure 11, NOLAFUNK Product positioning map is presented. Two main criteria were chosen: price and service (the level of concerts organization and musicians' level of performance). The map shows the positioning of every company according to its assets and characteristics. For clear defining a position of every company, the results from AHP analysis were used. According to it, CEG, Inc. a.k.a. NOLAFUNK has an

overall rank 2, The Bowery Presents takes a first place, and Rocks Off has a rank 3. However, according to analysis of every criterion, such as price and service, it was possible to have an accurate and objective positioning of it. According to it (can be found in Appendix 1), CEG has a leading rank within the price. Therefore, it is positioned lower than the Bowery Presents in that specific criterion. Analyzing the service that represents a combination of image and actual services during the shows, two ranks were mixed, resulting that The Bowery Presents has a slightly leading positioning in it. Live Nation Concerts was not analyzed in AHP. It was used to demonstrate a very well-known company on the music market that has much higher assets for organizing and promoting very large and expensive shows. It is presented as an example of a different level promotional company. The star represents the most desired product for customers, which is obviously less expensive and highly organized concerts with the most famous musicians performing. Even though it is impossible due to lack of equilibrium between price and service, every company should try to be as close to that point as possible.

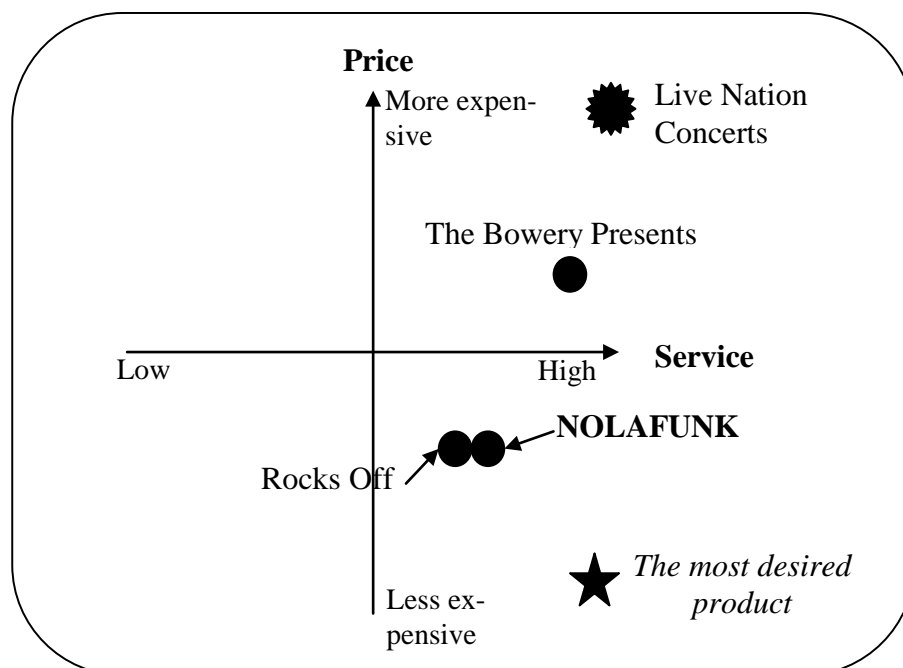


Figure 12. NOLAFUNK Product positioning map

Quantitative research is commonly used to represent how people think or feel about any topic that is analyzed. These surveys usually include well-structured and closed questions that have set answers. There are a lot of methods for collecting quantitative information such as on-street and telephone interviews. However, online survey was used, during the research process

to define marketing segments. (Quantitative research, Market Research World [referred 30.09.2012])

Providing two different types of shows and completely different music experiences, market should be segmented properly. Promotional and marketing techniques primarily depend on the customer group it is oriented to. Otherwise, the audience will not be satisfied with the service and CEG, Inc. will have a loss in sales as a result.

Survey

The survey was made on the website SurveyMonkey™ [referred 16.08.2012] that creates a needed format and helps to calculate the data.

For a better marketing segmentation, the survey was made. One hundred people, mostly fans of jazz music, participated in multiple-choice questionnaire. It was an online test that was created on SurveyMonkey website and spread around the Internet on Facebook page of NOLA-FUNK and a number of jazz related forums. Moreover, an e-mail listing was used to send direct messages to the fans of jazz music asking them to participate in the survey. The problem of every test is that results can be very mixed and not quite accurate. However, the problem was worked around due to addressing the question to an interested market group – people, who enjoy jazz music. As the test showed, the most important characteristics that influence people choice of the show are age, financial stability and tastes in music. Therefore, two main segments were defined. It is important to notice that there were some exceptions indeed. However, the average numbers showed the results below. In Figure 13 it is possible to see a demographical segmentation of NOLAFUNK fans according to statistics from Facebook.

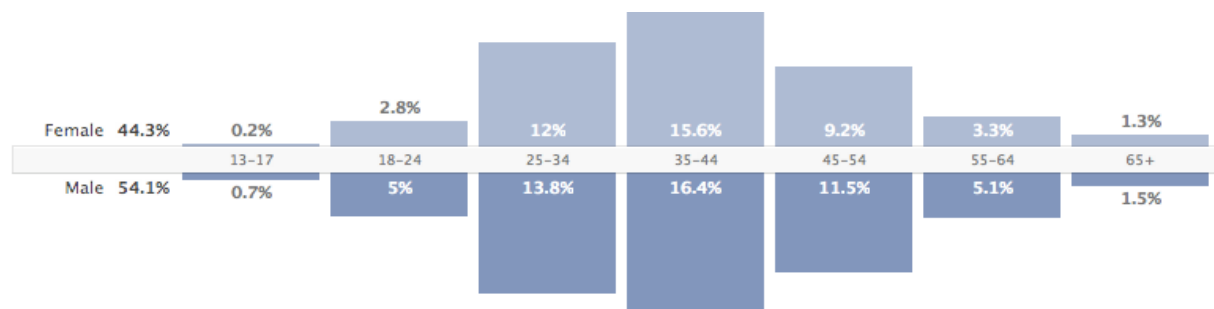


Figure 13. Demographics of NOLAFUNK fans

In Figure 14 (a, b, c, d) the segmentation of jazz music listeners that were questioned is used to show the demographics of the potential audience and their preferences in music genres and promotional techniques.

a)

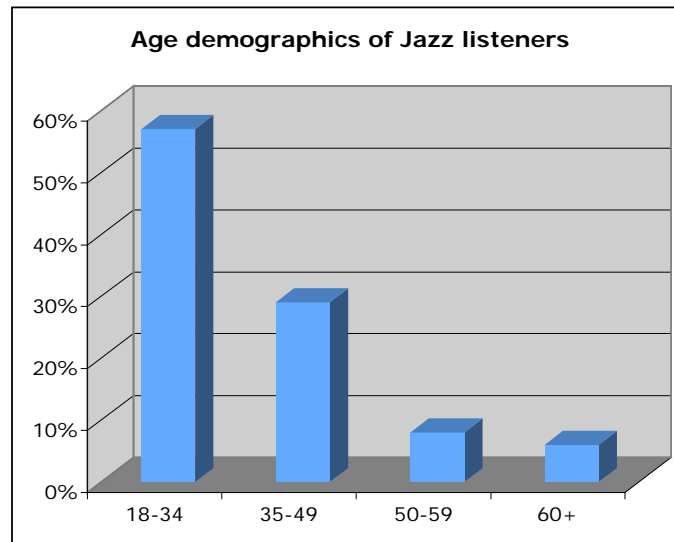


Figure 14 (a) shows age demographics of jazz listeners. People of the age from 18 to 49 dominate among the others. As a result, it is possible to say that jazz music is more popular among the young generation.

b)

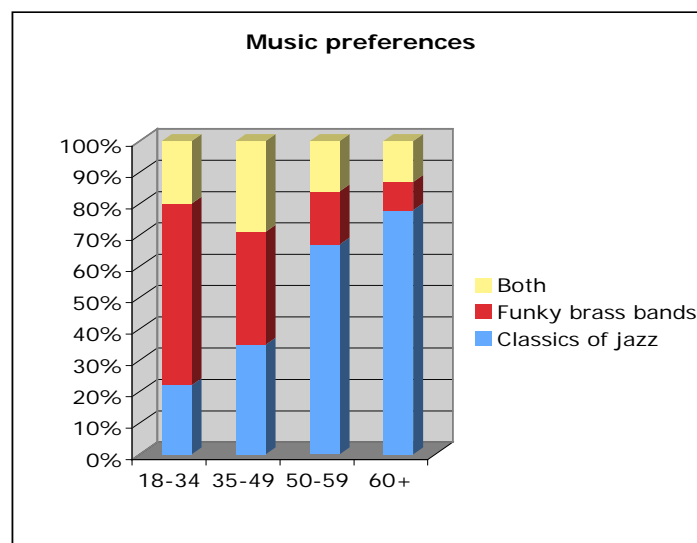


Figure 14 (c) shows music preferences of jazz listeners. According to it, the classics of jazz is more popular among the older people, whereas funky brass and jazz musicians are more ap-

peeling to the younger generation. It helps to segment customers correctly and provide them with a desirable music experience.

c)

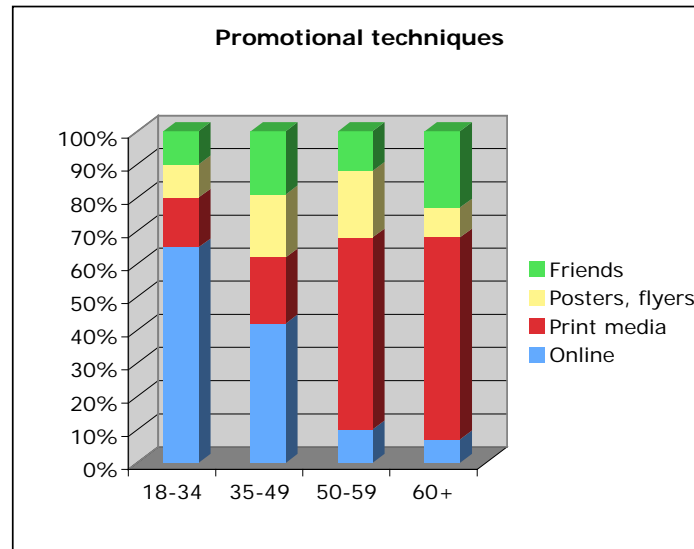


Figure 14 (c) demonstrates promotional techniques that are the most attractive to the jazz listeners. According to it, print media works best for older generation and online promotion is more appealing to the younger audience. The results help to develop separate promotional campaigns for every demographic segment.

d)

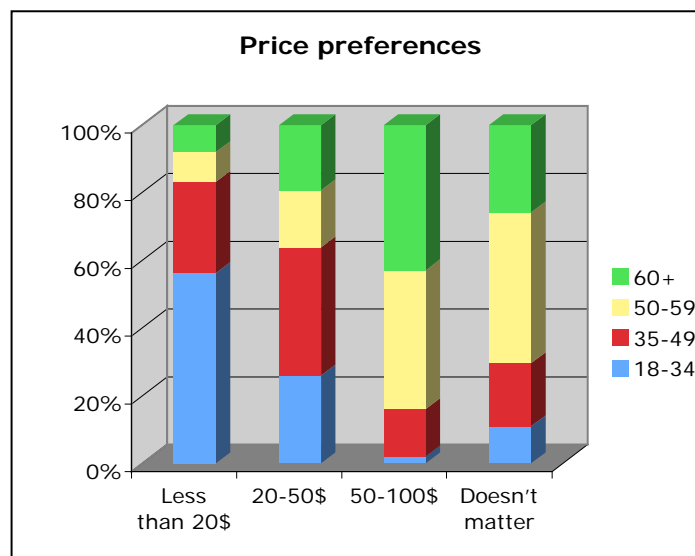


Figure 14 (d) shows price preferences of the jazz music listeners. Having unstable financial situation, young people prefer to pay less than 20 dollars for a ticket, whereas older generation

can afford 50 dollars and higher music shows. Knowing that, it is possible to provide customers with a more attractive price range for the music they like.

A younger generation enjoys funky brass bands to the classics of jazz. Thus, this segment is mostly probable to come to Mardi Gras Balls or other dancing events, where they can enjoy some funky beats. Being the new comers to an independent life and having limited finances they prefer affordable prices (less than 30 dollars). However, there is a good amount of people who are ready to pay more for their favorite band. Young people, who are massive Internet users, usually find out about upcoming concerts and events from the bands' web pages and social networks. Thus, to attract a younger segment online promotion might be the best idea.

An older generation prefers the classics of jazz. This segment finds the most appealing to spend a night in a cozy, tiny bar, enjoying a live sound and intimate atmosphere. Moreover, concerts in amphitheaters and other large sitting venues are very attractive to them too. This segment has a financial stability, thus paying 30 dollars and more for one ticket is not a problem. According to the survey, they prefer traditional promotional techniques, like flyers and posters and paper media (music related newspapers and magazines). The survey questions can be found in Appendix 2.

Using the information about the market segments of NOLAFUNK, it is possible to develop the brand image that is going to be attractive to both customer groups. Moreover, this information will help to expand promotional techniques aimed to attract the specific customer segment and provide them with separate advertising approaches.

Brand

Creating the right logo that is suitable for all the segments and preferably attractive even to other customer groups is a tough mission. Designers of Creative Entertainment Group, Inc. made a beautiful logo that has been used on various social networks pages and on the official website. Picture 1 shows the most commonly used version of the NOLAFUNK logo.



Picture 1. NOLAFUNK logo

The logo has to appeal to a younger segment by its graffiti-style font and the bright colors. However, it is not very suitable for promoting the shows for older people. In that situation, the ideal design would contain some old-fashioned font that would refer people's minds to the times of the golden century of jazz.

Therefore, during the promotion of classic jazz nights, the logo is not commonly used, because of targeting to a different customer segment. The audience that is coming to the classic jazz shows is looking for "New Orleans" written on the flyer or poster or familiar to them names and faces of well-known jazzmen. A good example of a poster that was used for a series of Louis Armstrong tribute shows is presented in Picture 2.



Picture 2. NOLAFUNK poster

It is suggested to use the NOLAFUNK logo all the time, to increase the level of brand recognition among the customers and create an image of NOLAFUNK and CEG, Inc. For example, it is possible to create a stage billboard with the NOLAFUNK logo on it, so the audience knows who the organizer is and if satisfied by the service provided can easily find it online.

There are a lot of other promotional techniques. The most suitable will be presented in the next chapter.

5 RECOMMENDED MARKETING AND PROMOTION TECHNIQUES

This chapter is based on the information from the MusicThinkTank website [referred 10.08.2012].

Working in the music business involves good knowledge in promotion and marketing techniques. NOLAFUNK as a community and a series of jazz shows needed a good promotional campaign to start the process of development and growth. Even though CEG, Inc. is not a new comer to the market and has knowledge of how to do it right, the company has to develop a separate promotion campaign for NOLAFUNK. Using all the techniques that were discussed in the theoretical part of the thesis, the company has a possibility to reach the next level of recognition and loyal attitude among the audience. In this chapter, advice and results are going to be presented.

Theoretical part fully demonstrates the importance of having a structured and planned marketing campaign. From all the techniques that were defined earlier, there are some that can be easily applied to NOLAFUNK marketing and promotion process. These tools are very effective and do not need enormous funding. (Abramson 2000, 180)

5.1 Online promotion techniques

Due to rapidly innovating technologies, almost every person has the Internet access. There are a lot of disadvantages and advantages of it. However, it cannot be forgotten, that World Wide Web changed the way people communicate with each other and find information. A fundamental part of the music marketing is built on interaction with the audience. Thus, the Internet became a very helpful tool in doing that. Even though Creative Entertainment Group, Inc. used the online techniques a lot, there are some recommendations and guidelines that could increase the level of customers' interest in visiting those pages.

Website

Having a personal website is very helpful in terms of updating the information about upcoming events. Moreover, this is the first place people would search for the latest news about the shows. Even though the main function of it is basically a calendar, the website should be attractive to visitors, even to those who found the page occasionally.

Firstly, a design of the webpage is very important. Representing a specific music genre, the colors, and pictures used should be associated with jazz. Secondly, there should be something catchy to make a visitor stay on the website. That can be anything: an unusual graphic, the latest news about the artists, etc. Moreover, the website should contain links to the other pages of NOLAFUNK, to promote it further.

The NOLAFUNK website is very informative. It is constantly updating and easy to work with. However, the design of the page seems to be a little old-fashioned. Even though it does not influence the process of usage, it is not attractive to a visitor to stay on the website for a while. Right now it should not be the main concern, because the further designing of the webpage can be implemented when CEG, Inc. has additional finances for that. All in all, the most important is that the website contains all the essential links and information. A print-screen of the present NOLAFUNK website is presented in Picture 3.



Picture 3. NOLAFUNK website. (NOLAFUNK [referred 20.08.2012])

Social networks

This subchapter is based on the information from Mashable website [referred 10.08.2012].

Social networks are commonly used by CEG, Inc. for concert promotion. There are a lot of websites that provide collected information about all the upcoming shows of all the music genres in a specific geographical area. NOLAFUNK has a dozen of accounts on all of them where promoters update the information about the concerts monthly. One of the most well-known web pages is ReverbNation, where over a million of industry professionals and musicians constantly update the information about performances.

On the other hand, social networks are also used for interaction and direct communication to the audience. Facebook and Twitter are the most common tools for that. Even though it seems like an easy way of promotion, it takes an effort to have feedback from the audience. However, there are some tips that are very helpful in online marketing.

A post or a tweet should contain the information about a music act that is being promoted. However, it does not mean that all the posts should only be related to the shows. It is important to be interesting and unusual. Writing about the last trends, latest news of the global music market, etc. is very catchy to an eye and will most likely get a positive feedback.

When posting on Facebook, usage of images or videos is very important. People enjoy looking at the nice pictures and will read a note that is somehow related to it.

The way the post is written should perfectly represent an image of NOLAFUNK. Using of jazzy slang or talking about New Orleans traditions will help.

Writing about a musician or a band that will perform soon, an online promoter should tag them. Doing that, a visitor can see who is playing while still being on Facebook. Moreover, this is a good technique to promote the NOLAFUNK page among the fans of a musician or a band that was tagged (due to appearing on their Facebook page too).

Always answering back on the comments and direct messages is an essential part of online communication. By being friendly and helpful online, a fan base is growing.

Updating photos and videos from the last shows is a useful and attractive thing to do.

Online contests and competitions are very appealing, especially if the rules are easy.

The main idea is to make people share and “like” the page. This way more potential fans will see the posts.

The other way of online promotion is e-mail listings. This one is commonly used to inform customers of upcoming concerts and shows, special offers and monthly deals. The e-mail itself should have a catchy title and be interesting to read. The chance that a person will unsubscribe, thinking that it is a spam letter is too high. Thus, e-mails should have a specific, clear, and entertaining content.

5.2 Publishing, print promotion and merchandise

Even though the Internet is very commonly used and maybe the fastest and the most efficient way of doing music marketing and promotion, other techniques are also very important and cover some customer segments.

Newspapers and magazines

Even though there is a myth that print media is not so popular among the audience anymore, it is a fact that people trust and rely on reviews of music related magazines and newspapers. Thus, it is a good technique to submit an announcement of the large shows for a month. It will attract an older segment that respect the traditional ways of promotion.

Flyers and posters

According to market segmentation, there are lot of people who find out about upcoming shows via posters and flyers. Therefore a particular attention should be paid on creating well-designed flyers and posters and spreading them wherever it is the most appropriate and suitable. It is possible to leave posters and flyers in jazz clubs and bars, music stores, and cafes.

However, it is also important to have a street team that will give away flyers next to the venues. The idea is to attract the segment that will be interested in coming to the concert, not some random people, who will probably throw the flyers away in the very first moment. Thus, a street team usually gives away flyers before and after different jazz concerts around the city. Some examples of posters that NOLAFUNK made are presented in Picture 4.



Picture 4. Posters by NOLAFUNK

Merchandise

During the concerts it is always quite efficient to have a merchandise table that has products that somehow promote the band and NOLAFUNK brand. There are different types of goods that can be introduced: T-shirts, USB drives with some songs uploaded in them, CDs, etc. that have a logo of NOLAFUNK on it. It can increase the level of brand recognition. An example of merchandise t-shirt is presented in Picture 5.



Picture 5. An example of merchandise t-shirt

5.3 Quality of the research

The results of the analysis and recommendations on promotional and marketing techniques were made according to the data obtained from the quantitative research. Therefore, reliability and validity of the research are very important issues to provide a company with an objective and beneficial outcome.

The information, given by not a very large sample (100), cannot necessarily reflect the opinions of all the customers. Thus, it is significant to understand that misinterpretation may happen. However, the survey was targeted to jazz music lovers, so that the audience is interested in that genre and has somewhat the same interests.

The secondary data was collected from the books and articles. It was important to understand that the information given is still relevant and valid. Thus, the latest editions of books were used for the thesis. Being easily accessible, online informational sources may be inaccurate and unprofessional. Therefore, all the data was analyzed in detail to be confident in the future results of the research.

All the results of the research were made according to the personal experience of working in Creative Entertainment Group, Inc. Therefore, it can be hardly described as an objective analysis. However, specifics of the company were taken into consideration and solutions that the most suitable for CEG, Inc. and NOLAFUNK were presented.

6 CONCLUSION

This thesis answered the main questions that were defined in the beginning of the research. It was indeed a hard work to find the information needed and to apply it on the real life situation. Even though there were no specific courses taken within a topic of the music business, I was very inspired by working in Creative Entertainment Group, Inc. and decided that this field will be very interesting and unusual to work in.

In the thesis, a very detailed definition of marketing planning is presented, including all the specifics of different analysis and professional tools that are usually used during the development and implementation processes. Moreover, the whole chapter is dedicated to unusual features of the music business: marketing and promotion techniques especially. Defining all the different approaches, the most suitable and efficient were used in practice.

NOLAFUNK is a developing brand that is much better recognized among the audience now since the previous years. As one of the results, the total number of fans on Facebook is now almost three times larger than it was 8 months ago, which is quite a sufficient outcome. Hopefully, it will be even better in the future. The promotion techniques and advice concerning the overall appeal of the brand were based on the specific characteristics of Creative Entertainment Group, Inc. and its market segments, which were also defined during the research process.

As it was mentioned already, music business is changing rapidly. Thus, some of the techniques that were defined as the most productive might be old-fashioned already in a short period of time. However, seeing the difference between online and print social media, it is possible to say for sure that even with the appearance of new innovation techniques; it would not substitute all the others. The collaboration of all of them is the way to a successful business operation and satisfaction among the customers.

All in all, the thesis is a distinguished background for marketing planning in the music industry. It combines all the important techniques that can be implemented easily even on the first steps of product development and without substantial financial resources.

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APPENDICIES

Appendix 1

LEFT TO RIGHT

1---->5

ORIGINAL MATRIX

	Price	Service	Image	Convenience
Price	1	3	5	1/3
Service	1/3	1	4	1/5
Image	1/5	1/4	1	1/5
Convenience	3	5	5	1
Sum	4,53	9,25	15	1,73

ADJUSTMENT MATRIX

	Price	Service	Image	Convenience	Average
Price	0,221	0,324	0,333	0,192	0,268
Service	0,074	0,108	0,267	0,115	0,141
Image	0,044	0,027	0,067	0,115	0,063
Convenience	0,662	0,541	0,333	0,577	0,528
					1,000

PRICE**ORIGINAL MATRIX**

	CEG/Nolafunk	The Bowery	Rocks Off
CEG/Nolafunk	1	5	3
The Bowery Presents	1/5	1	1/3
Rocks Off	1/3	3	1
Sum	1,53	9,00	4,33

ADJUSTMENT MATRIX

	CEG/Nolafunk	The Bowery	Rocks Off	Average
CEG/Nolafunk	0,652	0,556	0,692	0,633
The Bowery Presents	0,130	0,111	0,077	0,106
Rocks Off	0,217	0,333	0,231	0,260
				1,000

SERVICE**ORIGINAL MA-
TRIX**

	CEG/Nolafunk	The Bowery	Rocks Off
CEG/Nolafunk	1	3	4
The Bowery Pre-sents	1/3	1	3
Rocks Off	1/4	1/3	1
Sum	1,58	4,33	8,00

**ADJUSTMENT
MATRIX**

	CEG/Nolafunk	The Bowery	Rocks Off	Average
CEG/Nolafunk	0,632	0,692	0,500	0,608
The Bowery Pre-sents	0,211	0,231	0,375	0,272
Rocks Off	0,158	0,077	0,125	0,120
				1,000

IMAGE**ORIGINAL MA-
TRIX**

	CEG/Nolafunk	The Bowery	Rocks Off
CEG/Nolafunk	1	1/5	1/3
The Bowery Pre-sents	5	1	4
Rocks Off	3	1/4	1
Sum	9,00	1,45	5,33

**ADJUSTMENT
MATRIX**

	CEG/Nolafunk	The Bowery	Rocks Off	Average
CEG/Nolafunk	0,111	0,138	0,063	0,104
The Bowery Pre-sents	0,556	0,690	0,750	0,665
Rocks Off	0,333	0,172	0,188	0,231
				1,000

CONVENIENCE**ORIGINAL MA-
TRIX**

	CEG/Nolafunk	The Bowery	Rocks Off
CEG/Nolafunk	1	1/4	3
The Bowery Pre- sents	4	1	4
Rocks Off	1/3	1/4	1
Sum	5,33	1,50	8,00

**ADJUSTMENT
MATRIX**

	CEG/Nolafunk	The Bowery	Rocks Off	Average
CEG/Nolafunk	0,188	0,167	0,375	0,243
The Bowery Pre- sents	0,750	0,667	0,500	0,639
Rocks Off	0,063	0,167	0,125	0,118
				1,000

FINAL MATRIX

	Price	Service	Image	Conven- ience	Sum	RANK
CEG/Nolafunk	0,170	0,086	0,007	0,128	0,390	2
The Bowery Presents	0,028	0,038	0,042	0,337	0,446	1
Rocks Off	0,070	0,017	0,015	0,062	0,164	3
					1,000	
	CEG/Nolafunk	The Bowery	Rocks Off			
Price	1	3	2			
Service	1	2	3			
Image	3	1	2			
Convenience	2	1	3			

1. Gender:

- Male
- Female

2. Age:

- 18-34
- 35-49
- 50-59
- 60+

3. What styles of music do you prefer?

- Classics of jazz
- Funky brass bands
- Both
- Other

4. What is your perfect jazzy night?

- Listen to jazz music in a tiny, cozy bar with tables, sofas, and drinks, being served
- Dance to some funky beats in a large venue all night long
- Listen to jazz music in a concert hall or amphitheatre

5. How do you usually find out about a concert coming up?

- Online (bands' websites and social networks)
- Print media (music related magazines and newspapers)
- Posters, flyers
- Friends

6. How much money do you usually pay for a ticket?

- Less than 20\$
- 20-50\$
- 50-100\$
- It doesn't matter if I'm a huge fan of the band